east Germany

World News

Zulus agree to curb use of 'cultural weapons'

President de Klerk of South Africa appears to have won an important concession from Zuln leaders on the carrying of "tribal weapons", or spears, in troubled black townships. The agreement paves the way for relations to be restored between the government and the African National Congress. Page 18; Reversal on land claim decision, Page 6

India poll violence At least 36 people were killed after violence erupted at the start of India's week-long par-liamentary elections. Page 6

Yugoslav aid threat European Commission officials warned that continued aid for Yugoslavia was threatened unless the country resolved. its bitter ethnic conflicts.

Dohuk handed over US troops entered the city of Dohuk in northern Iraq to-pre-pare for the return of thousands of Kurdish refugees still stranded on the Turkish bor-

Fighting halts aid Fighting between Ethiopian government forces and rebels has halted a famine relief programme supplying up to a mil-lion drought victims, ald offi-

Peking talks hitch Talks to normalise ties between North Korea and Japan became bogged down over Tokyo's demand that Pyongyang open its nuclear sites to international inspec-

Thai heroin selzed That police seized more than half a tonne of heroin near the Cambodian border in their biggest drugs haul in three years.

Bangladesh turmoli Violent storms returned to Bangladesh, killing more than 70 people and injuring 1,000, as a US task force stepped up efforts to save millions made

Journalists 'freed' The Medellin drug cartel said it ordered the release of two kidnapped journalists to per-suade the Colombian government to stop extraditing suspected drug smugglers. Page 4

Last-ditch air talks Soviet government and union . negotiators were locked in talks in an 11th-hour attempt to prevent a disruptive air traffic controllers' strike. Page 2

Computer blamed US defence officials said a computer used to trigger US Patriot missiles failed to detect an Iraqi Scud missile that exploded and killed 28 Americans in Saudi Arabia during the Gulf War.

Polish remorse President Lech Walesa, on a state visit to Israel, asked the Israeli people for forgiveness over the bitter Jewish accusation of collaboration with Nazis during the Second World War. Page 6

Harare protest ends Hundreds of students returned to classes at Zimbabwe's only university, breaking a threeweek anti-government boycott that prompted threats to oust the entire student body.

Mubarak reshuffle President Muberak of Egypt reshuffled his cabinet and appointed new defence and foreign ministers, but to some surprise there were no changes in economic portfolios. Page 6

Rubbish plies high Polish authorities took emergency powers to call in troops and private firms to help clean the capital, Warsaw, as a strike by rubbish collectors entered its fifth day.

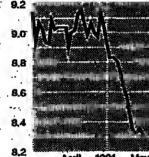
LTV plan to sell defence unit criticised by creditors

LTV, US steel company, announced plans to sell its large defence and aerospace business to help it out of bank-ruptcy proceedings but the plan has run toto immediate

opposition from creditors of the division. LTV's defence and serospace company makes missiles, rock-ets, space systems, military vehicles and sub-assemblies. for military and commercial aircraft. The company, which employs 16,100 people, is the 20th largest defence contractor in the US with sales in 1990

NICKEL LME nickel prices fell to session lows on general liquidation, but sporadic con-sumer interest prevented sub-stantial losses, dealers said. Three months traded last at 8,300 dirs a tonne, down 100 dirs from Friday's kerb close. Commodities, Page 30

Nickel Cash metal (1000 \$ per tonne)



MARKETS: In New York an early rise in bond values helped boost sentiment in the stock market, but gains were stock market, but gains were relatively modest, with the Dow Jones Industrial Average edging up 7.38 at 2.894.01 by 1.30 pm. Tekyo: ahare prices declined across the board as this volume accentuated selling by arbitrageurs and investment trusts. The Nikkei average fell 178.91 to 25,523.03 on volume down 90m to 260m. shares. Most European hourses. shares. Most European bourses e closed for Whit Mond and Toronto was closed for Victoria Day. Of those that were open. Flat continued to weigh down the Italian bourse on renewed fears that the company would cut its 1990 divi-dend. Spain moved higher in quiet trading, but most of the excitement was restricted to the emerging markets. World

MONTEDISON, Italian chemicals, energy and agro-indus-trial concern, reports consolidated after-tax profits, net of minority interests, of L556bn (\$433m) for 1990. Page 19

EC and the Australian-led negotiations of the General Agreement on Tariffs and

trade liberalisation. Page 7 with less than 6 per cent of

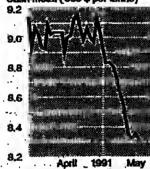
JVC, Japanese consumer electronics company, reported a 27.1 per cent drop in consoli-dated pre-tax profits for the year to March 1991 to Y26.3bn (\$190m). Page 20

OMRON, Japan's top maker of control components, reported a 2.3 per cent rise in pre-tax profit to Y27.775bn (\$200m) for the year to end March, reflecting continued growth in the Japanese economy. Page 23 ..

THERE leading Japanese real estate companies, Mitsui Real Estate, Mitsubishi Estate and Sumitomo Realty saw strong sales growth for the year, but pre-tax profits did not keep pace under tighter financial

Business Summary

of about \$2bn. Page 19



Stock Market reports, Back Page, Section II

Cairns Group of agricultural exporting nations within the Trade appeared firmly at odds after talks in Canberra failed to break down differences over

BOND Corporation shareholders approved a proposed debt-for-equity swap leaving Mr Alan Bond, former chairman,

the group's shares. Page 20.

regulations. Page 23

Soviets to lift restrictions on travel abroad in 1993

THE Soviet parliament yesterday approved a law allowing free travel out of the country for the first time which the US has made a condition for improving trade rela-

However, what should have been a milestone for human rights was marred by a deci-sion to postpone its implementation until 1993. After rejecting the bill three times last week, deputies finally approved it in principle by 320 votes to 37 with 32

abstentions. This means that the law, which has yet to be debated article by article, can still be modified. The US has made free exit from the Soviet Union a pra-condition for granting the Soviet Union most favoured nation status. The White House said the law was a hope-ful sign but that it was too soon to say whether it would allow the US to extend favoura-

political unification and moves

towards the creation of a Ruropean defence and security pll-lar would not weaken Atlantic ties. His comments came in the

context of current European Community discussions on

political union and the parallel Nato strategy review.

would strengthen rather than

said. Any European pillar would be inside Nato, rather

THE UN Security Council yesterday approved a plan to

exact war reparations from Iraq hy establishing a compen-

sation fund to be financed by

Iraqi oil revenues. Mr Javier Perez de Cuellar, the UN Secretary General, was

asked to begin consultations

about setting a ceiling for the

Its governing council will

comprise all 15 members of the Security Council and work from the UN's European head-quarters in Geneva, although the day-to-day operations of the fund may be administered from other financial centres, including London. Initial claims on the fund could amount to as much as \$100bn.

"The scale of the compensa-

tion exercise is very large," Mr Jeremy Carver, a international lawyer, said yesterday at a con-ference in London about the future of Kuwait.

"One is looking at perhaps

2m claims being made to this compensation fund, claims of

all possible sizes from all parts

aken the Nato alliance, he

go in their legislative process, so we'll have to wait and see whether it satisfies our conwhether it satisfies our con-cern and our conditions for MFN (most-favoured-nation status), Mr Marlin Fizwater, White House spokesman, said. The Foreign Office welcomed the law hat said it would have

to study the full details before Britain made a decision on whether to attend the sched-uled human rights conference due to be held in Moscow in October. British officials said that liberalising emigration was only one of the conditions the western countries wanted to see fulfilled before they partici-

pated in the conference.
The others included judicial independence, reform of Soviet criminal legislation, freedom of speech and freedom of religion. A decision by the US, Britain and other western countries on their participation will only be taken on the basis of careful study of all the components hle trade status to Moscow. "It still has another step to making up greater human free-

doms. No date has been fixed for such a decision, but it seems likely that it will be taken later in the summer.

The passing of the legislation coincides with intensive Soviet efforts to secure sub-

stantial Western financial assistance for genuine market The Soviet government, which originally asked for the legislation to come into effect in July 1992, says it needs time to overhaul its cumbersome travel huresparacy, at a cost of Phesion.

Rhe200m No doubt it is also afraid of e drain on its scarce hard currency resources.

Conservative opponents of the hill, who were instrumen-tal in postponing its implemen-tation still further, voiced (ears it would trigger a "brain drain" and encourage smuggling by dreaded "speculators". The law was given prelimi-nary approval in parliament

almost two years ago. Soviet authorities estimate

that between 500,000 and 3m people will emigrate once the law is passed.

Nearly half a million people emigrated last year, mainly to Israel and West Germany.

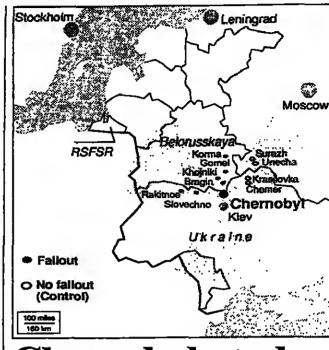
But even if Soviet travel laws are liberalized, Soviet citizens will have to overcome tough new visa requirements by western countries, as well as long domestic waiting lists for train and aircraft tickets.

Although restrictions have been eased considerably since President Mikhail Gorbachev

came to power six years ago, Soviet citizens still require an exit visa and an invitation from foreign hosts, even for short trips abroad. The new law provides for the unrestricted issue of foreign travel passports – except to people facing military service or criminal investigation.

It imposes a five-year waiting period, however, on people deemed to hold state

Air traffic Talks, Page 2



Chernobyl study rejects reports of widespread illness

By David Fishlock, Science Editor, in London

THE FIRST international study of the effects of nuclear fallout from Chernobyi has rejected reports of widespread sickness in the five years since the

Soviet nuclear explosion.
It did, however, find widespread anxiety among the population about the adequacy of measures taken by the authorities as well as distrust of the Soviet government and medi-cal and scientific communities. The International Chernohyl

Project, set up by the United Nations at the invitation of the Soviet Union, involved about 200 doctors and scientists from 25 nations, and seven international organisations including the World Health Organisation. The investigations, lasting more than e year, did not examine the exclusion zone within a radius of 30km around Chernobyl itself - from which residents were moved rapidly in the wake of the explosion.

Instead, it concentrated on areas up to 500km from Chernobyl which were subjected to the drifting radiation cloud. Rain washed down radioac tivity to contaminate large patches of ground in the area, mainly with radioactive caesium from the reactor fuel.

The study found that the Soviet children most exposed to fallout were now generally healthy. However, there appears to be a high level of fil-health among Soviet adults, with 10 to 15 per cent needing medical treatment, although

this apears unrelated to the accident, according to the

report.
The investigation found that there been no marked increase in cancer, leukamia, cataracts. or other diseases related to radiation, and there was no evidence of an increased level of birth defects, in sharp con-trast to reports around the fifth anniversary of the accident late last month. Radiation experts point out

that previous experience of accidents shows that it takes more than five years for radia-tion-related diseases to appear. Given the increase in the reporting of cancer cases in the Soviet Union over the past 10 years, it may be that the effects of Chernobyl-related incidents would be very hard

to detect. In Vienna today the UN's International Atomic Energy Agency will begin a four-day conference to examine the project's medical and radiological

The study group was asked to assess the radiological consequences of the accident for the three affected Soviet repubsia, and the Soviet Federation and to evaluate the protective measures undertaken by

the government. Headed by Dr Itsuzo Shige matsu, director of the Radia-tion Effects Research Foundation at Hiroshima, the group Continued on Page 18

Kohl calls for United States of Europe By Peter Riddell, US Editor, in Washington CHANCELLOR Helmut Kohl, on his first visit to the US as head of a united Germany, yesterday called for the creation of a United States of Europe with continuing strong links to. North America. Mr Kohl sought in a series of meetings and public appear-ances to offer reassurance that

Chancellor Helmut Kohl is greeted by State Department officials on arriving in the US Western European unity Nato'e integrated military structure, was resifirmed in a joint statement 10 days ago by Mr James Baker, US secretary of state, and Mr Hans Dietrich than an alternative to it. Earlier this year there was friction following warnings by Genecher, the German foreign minister, in the hope of narrowing differences on the

Washington that European moves should not exclude the Following criticism of the us and that Nato, rather than an exclusively European body, should remain the focus for collective defence matters. absence of German troops from the allied effort in the Gulf, the

UN to exact war reparations

from Baghdad's oil revenues

US officials have called for

40 to 50 per cent of Iraqi oil revenues to be diverted to the

fund, but other governments

want a lower figure and a com-promise may eventually be

reached at around 25 per cent - slightly less than tha

amount that Iraq was spending on military imports before it invaded Kuwait in August last

year. Frozen Iraqi assets will not contribute to the fund.

Iraq has already protested that the compensation plan,

first proposed by Mrs Margaret Thatcher when she was UK prime minister, would beggar a

generation or more of its citi-

But there was no public dehate in the Security Council

yesterday since reparations

were part of the ceasefire terms imposed last month and

Since the embargo remains in place - and the US and

Britain have suggested they

want sanctions to stay until President Saddam Hussein is

overthrown or yields power – it may be some time before any

accepted by Baghdad.

MARKETS

New York ke \$1.7200

By Michael Littlejohns in New York and Victor Mallet in London

This aim, underpinned by in future be able to serve out appeal for western support for aide the Nato area under the auspices of the United Nations or the Western European

western support for Soviet President Mikhail Gorbachev. "It cannot be our objective to help bring about the dissolu-tion of the Soviet Union", he

The US and Germany have chancellor said he was confi-dent that German forces would respond to Mr Gorbachev's

claimants receive compensa-

tion. However, the Council also

warned that, if Iraq failed to

comply when all procedures were in place, the world body intended "to retain or to take action to reimpose" sanctions.

Fourteen of the 15 members voted for the resolution, initi-

ated by Britain and the US. Cuba abstained. It was the sev-

chie abstanted. It was the seventeenth security council resolution on the Gulf crisis.

Based largely on a programme prepared by the secretary general under the cease-fire terms, the resolution establishes the fund to pay

compensation for "any direct loss, damage, including envi-ronmental damage and the

depletion of natural resources,

or injury to foreign govern-ments, nationals and corpora-

tions, as a result of Iraq's unlawful invasion and occupa-tion of Kuwait."

mission, overseen by the Gov-erning Council, will administer

Troops make ready, Page 6

A UN Compensation Com-

STOCK INDICES

2,466.6 (+12.7)

FT Ordinary:

New York

DJ Ind. Av

1.927.3 (+1.1)

FT-A All-Share:

1,192.35 (+0.4%)

his economic reform gramme and his desire to attend the annual summit of the Group of Seven leading industrial nations in London in mid-July.

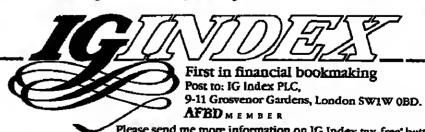
US and British officials are cool to the idea of Mr Gorba-chev attending the summit unless he gives a positive commitment on reform. Even if the Soviet leader does attend, he will not participate in the main

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CONTENTS

Anniversary to forget: Tibet after 40 years of | Tokyo hoping to begin a new -6 relationship with Brussels Semiconductors: Sematech's role - loyal tans but mixed reviews Editorial Comments The post-16 caucus race; Fast-track or the buffers ______16 Fast-track or the class. How the main UK par-

ties measure up on education Lex: Brent Walker, retail sales, AB Foods,

EC president Jacques Delors la due in Tokyo tomorrow. Both sides want the visit to mark the start of a new relawhich the agenda will no longer be led by ... trade diaputes

\$1,7190 (1,7165) DM2.970 (2.98) FFr10.0775 (10.075) SFr2.5075 (2.5175) Y237.50 (287.0) £ index 91.7 (91.8) GOLD New York: Comex Jun \$358.1 (356.0) London: \$255,35 (355,35) N SEA OIL (Argus)

Y138.15 London DM1.728 (1.738) FFr5.8825 (5.87) SFr1.458 (1.467) Y138.20 (138.45) \$ index 86.4 (66.3) Tokyo close: Y138.80 US funcitime rates Fed Funds 518% 3-mc Treasury Bills:

DOLLAR

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the fund.

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Chief price changes yesterday. Page 19

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Soviet air controllers hold last minute strike talks

By Leyla Boulton in Moscov

SOVIET authorities were last night locked in last minnte negotiations to avert the country's first ever strike by pilots and air traffic controllers, who threatened to close down Soviet airspace from midnight

yesterday.
Mr Boris Panyukov, the Civil
Aviation Minister, has said the
government would bring in military air traffic controllers to keep Soviet airspacs open. The government has also vowed to prosecute workers who defy a strike ban in the transport industry under a newly-created special regime for key sectors of the economy. By threatening strike action, the country's 17,000 air traffic controllers together with 40,000 Aeroflot pilots, have already won important concessions on their demands for bigger pensions and better working hours. Negotiations last night however centred on their demands for a 100 per cent pay increase - after the controllers and pilots dropped an initial demand for a 200 per cent pay

International airline officials were on stand-by yesterday to cancel all flights to and from the Soviet Union, as well those between Europe and the Far East which cross Soviet airspace. The pilots plan a 24-hour warning stoppage but the air traffic controllers union have vowed to continue industrial action until their demands are

In a tacit admission that disruption would be inevitable even if military controllers are brought in, Mr Panyukov has said the Soviet Union would lose Rbs25m and \$2m in hard currency for every day of disruption.
The threatened air strike is

the first test of the govern-ment's resolve to take tough

action to ensure the smooth functioning of key economic sectors since President Mikhail Gorbachev signed a decree establishing the special regime

■ Moscow's radical mayor, Mr Gavrill Popov, failed yesterday to win a vote of confidence in his leadership and said he might resist his empporters' demands to run in free elections scheduled next month, Reuter adds from Moscow.

In an unruly and chaotic ses sion of the Moscow City Coun-cil, a majority of deputies refused to vote for Mr Popov as a candidate in elections planned for June 12 – the first democratic mayoral poli in

Soviet history.
About 100 of some 450 deput ties left the debating chamber to avoid having to vote. Of those who remained, only 189 cast their ballots in favour of

Brussels warns Yugoslavia over conditions for aid

By David Gardner in Brussels and Laura Silber in Belgrade

CONTINUED European Community aid and credit for Yugoslavia will be made conditional on the country remaining united, resolving its ethnic conflicts, and furthering economic and political reform, European Commission officials

said yesterday. The officials also made clear that Yugoslavia'e hopes of closer relations with the Community hinged on meeting these conditions.

Mr Jacques Santer, prime minister of Luxembourg, which currently holds the EC presidency, and Mr Jacques Delors, president of the Commission, are to hold talks with the federal and republican govern the federal and republican gov-ernments in Yugoslavia before the end of this month, a Com-

mission spokesman confirmed.
Officials said their message
would be very clear. "If [Yugoslavia] really wants a closer
relationship with the Commu-

Spanish fuel

strike causes

disruption

However, official results from a referendum on Sunday

in the western republic of Croatia, confirmed that voters had overwhelmingly opted to leave the Yugoslav federation. Yngoslavia is seeking an association agreement with the

association agreement with the EC like those Brussels is currently negotiating with Hungary, Poland and Czechoslovakia. These are free trade agreements designed to lead eventually to full membership of an expanded Community.

Brussels has just finished negotiating a new financial package with Yngoslavia. Spread over five years, it will give the country access to give the country access to Ecu730m (\$908m) in soft loans

from the European Investment Bank and the EC development bank, and will be earmarked for roads and railway infraetructure linking central Europe to Greece. The agree-ment has been beld up by delays in reaching a transit agreement for EC lorries, rather than the instability inside Yugoslavia. The conditions for aid set

The conditions for aid set down by the EC coincided with a statement by Washington that it had not yet "reached a final decision" to suspend aid worth \$5m to Yugoslavia, an official said. Under the the Nickles amendment, passed by Congress last autumn, aid to Yugoslavia was orbitect to a Congress last autumn, and to Yugoslavia was subject to a six-month review which expired on May 5. The amandment linked US aid to human rights and moves towards democracy which the State Department says have been blocked by Serbia.

Communists gain ground in Cyprus parliament

MORE THAN 4,000 Spanish fnel distribution workers began a three-day strike yesterday, disrupting private transport and forcing the state airline, Iberia, to cancel flights as unions staying the stay BOTH the Greek Cypriot Communist Party, Akel, and the right-wing Democratic Rally increased their strength in the 56-member Cyprus par-liament, according to final more pay, Reuter reports from Madrid. election.

The result reinforces the standing of President George Vassiliou, an independent who Long passenger queues built up at Madrid'e Barajas airport as Iberia cancelled 179 flights, is backed by Akel but also has good relations with Mr Glaskos Clerides, the Democratic Rally including 91 within Europe,

causing delays of up to two hours on flights still running. About 22,000 Iberia ground staff stayed away from work yesterday in their third 24-hour leader, particularly on handling the Cyprus problem.

Akel increased its share of the vote to 30.6 per cent and won 18 seats, up from 15 seats in the previous poll in 1985.

Akel's policy of keeping its stoppage since last week when railway and telecom employees

Communist label but running new candidates with a moder-ate left-wing background proved more successful than expected, analysts said.
Democratic Rally retained its

capturing 35.8 per cent of the vote and 20 seats, a one-seat gain. The biggest upset was for the Democratic Party of former President Spyros Kyprianou, which finished with 19.5 per cent of the vote and 11 seats, a loss of five seats.

Mr Kyprianon announced

that he would not take up his parliamentary seat. There is speculation that he may soon be challenged for the party **OECD REPORT**

E Europe 'must look to service industries'

By Anthony Robinson, East Europe Editor

THE development of east Europe's hitherto primitive service industries is the key to the transformation and growth of the region's obsolescent, production-based economies, according to the Organisation for Economic Co-operation and Development.

It also provides the best chance for expanded international trade and big opportunitional trace and ing opportuni-ties for western financial and service companies to export products and know-how, the OECD says.

In a report entitled "Services in central and eastern Euro-pean countries (CEEC's)" the

pean countries (CEEC's)" the Paris-based think-tank says the former ideological prejudice against services as "non-pro-ductive" has contributed to low overall economic efficiency and a relatively low share of services in GDP.

High on the list of CEEC needs to transform their econo-

needs to transform their economies is technical assistance in re-training central bank personnel to cope with new super-visory and prudential regula-tions and the creation of "independent, strong, efficient and competitive" commercial hanking networks. The report notes that the development of commercial banks, virtually from zero, requires people skilled in risk assessment and balance cheet analysis, and will need western technical assistance and heavy investment in electronic banking and communication, equipment.

Telecommunications is among the most backward service industries, with telephones per 1,000 people ranging from 118 in Poland and the Soviet Union to 230 in Czecho-alovakia and Bulgaria, com-pared with almost 900 in the most advanced west European societies.

It singles out the development of capital markets, pen-sion funds and different types of insurance products and building societies as areas with large potential for development

and job creation.

Poland and Hungary have made the greatest progress in drawing np legislation and creating private banking and other institutions, "The next tasks of financial reform are the development of financial investors/insurance companies, pension funds and savings associations, an integrated money market with a unified interest rate structure and an households," the report says.

While acknowledging the widespread lack of experience in international banking, it underlines the "potential of well-educated people who, properly retrained and motivated, represent valuable entrepreneurship". It warns, however, that "liberalisation is often connected with high or hyper-inflation and persistent market disequilibria inherited from the old system."



President François Mitterrand keeping his balance yesterday during his sunnal hike to the top of the Solutre Rock in Burgundy. Mr Mitterrand outflanked demonstrators who planned to wayiay him on his annual Whitsun "pilgrimage". Mr Mitterrand has climbed the rock — an impressive escarpment from one side but a gentle stroll from the other — every year since 1846 in the company of selected friends and

relations. This year he switched the date of his climb to Whit Monday, complaining that the crowds of journalists, admirers and demonstrators had previously spoilt his family outing. The date change foiled the 150 Algerian war veterans who had picked Sunday for their demonstration. Although an ecologist demonstration picked the right day, the protesters arrived an hour after the early-rising president.

Walesa's old comrades lead assault on financial stringency

By Christopher Bobinski in Warsaw

THE Polish government facing an increasingly uphill struggle to maintain its com-mitment to fiscal and credit stringency and tight wage

stringency and tight wage controls.

Not only has the Solidarity trade union, which still sees the government as its own, called a day of protest tomorrow against a background of public dismay at rising unemployment and mounting recession, but the government is also expected to come under strong criticism at a special strong criticism at a special economic debate in parliament

on Thursday.

Solidarity's planned work stoppages and mass meetings mark a worsening of relations between the union, under its recently appointed leader Mr dent Lech Walesa.

Mr Walesa, the Solidarity movement's historic leader for nearly a decade, views the union'e move as a personal affront and has rallied behind the government led by Mr Jan Krzysztof Bielecki, the prime minister he appointed at the beginning of the year.

This support enabled Mr Bie-lecki and Mr Leszek Balcerow-ter the departs prime printers.

icz, the deputy prime minister and finance minister, to

Polish emall investors yesterday moved swiftly to buy 900,000 chares priced at ZI 50,000 (£3) each in the Swarzedz furniture factory, this year's first privatisation through a public share offering, writes Christopher Bobinski. The sale is being conducted on a first come first served basis. The entire issue of 2.5m shares is worth issue of 2.5m shares is worth Polish brewery, Page 29 emerge strengthened from last

weekend's meeting of senior economists in Warsaw. The meeting had originally been

planned to force the govern-ment to shift towards more reflationary policies in the expected this antumn. A 15 per . cent devaluation on the eve of the meeting, and a promise to speed up privatisation of state companies, helped to deflect criticism that the government was not responding to changed conditions

But they are unlikely to be enough to satisfy public opinion. The latest opinion poll shows that the characteristics swinging towards despair.
Wage controls which limit

ment loan. As the pressure mounts, the government will be tempted to tinker with wage controls. It will face the hardest test when pressed to bail out state-owned industries.

Unemployment is expected to rise from nearly 1/m to 2m by the end of the year and spread from the small towns to the more volatile cities.

The return to work vester-

restraint, and were told they could seek higher wages once privatisation procedures begin this antumn.

60 per cent of inflation are the most immediate target of con-cern. But fears that large sectors of industry are on the brink of closure are depressing of such closures poses the greatest threat to the tight monetary policies agreed with the IMF as a condition for the recent \$1.8hn structural adjustment loan. As the pressure

day by 20,000 copper miners in Lubin, south-west Poland, gave the government some relief. The one-week strike was the most serious stoppage this year, with miners demanding a year, with miners demanding a 100 per cent pay rise. But they agreed to return to work after more money was allocated to social funds, to get round wage

De Benedetti tells court he had no power at bank

ITALIAN, businessman Ma-Carlo De Benedetti yesterlay told a Millen criminal court be lacked power during his two-months as vice chairman of Benco Ambroulano and he did not make a profit on the sale of his stake in the bank, Repter reports from Milan.

Mr De Benedettt, chairman of computer maker Olivetti, la among 35 people accessed of fraudulent bankrapety in con-nection with the collapse of nection with the colleges of Banco Ambrosiano in 1382 with debts of more than 5 har. Mr De Benedetti was vice chairman of the bank from November 1981 to January 1982, when he sold his two yearent in the bank and resigned. Towas never able to obtain information (about the bank) activities). I was not placed activities). . . I was not placed in a condition to sarry out my duties. I did not have any power," Mr De Benedetti sale in his first appearance before

in his first appearance before the court.

He said he tried unsucces-fully to find out about the operations of the bank headed by Mr Roberto Calvi, which the media dubbed "God's Banker" because of Mr Calvi's links with the Vatican. Mr Calvi was found dead hanging from a bridge over the River Thames in London in June 1982. Investigators have been divided over whether he com-mitted suicide or was mar-

mirred sincine or was mar-dered.

Mr De Benedetti feld the court he sold his shares in the hank in January 1982 for about L54bn (\$42m) became it was clear he would never exer-cise any real power in the bank. "I did not gain one lira," he said.

The Bance Ambrosiana intell

he said.

The Banco Ambrosiano trial, which began a year ago, is expected to last for several more months.

EBRD director takes up his post

THE US executive director for the European Bank for Reconstruction and Development has taken up his position, fol-lowing confirmation of his appointment by the US Senate, writes Stephen Fidler. He is hir William Curran,

who from 1978 to 1988 was chairman of First Chicago Limited in London, the investment banking arm of First National Bank of Chicago. First Chicago was known during the period for its close links with east Europe. After leaving First Chicago, Mr Curran acted as a private final-cial consultant.

The appointment by the US of a banker for the 24-strong board reflects the strong prite-sector orientation that the US has been pressing the bank to take.

Poland, Hungary hope for barter

The collapse of trade within The consepse of trans within the Soviet-led Comecon bloc is fanning hopes in Poland and Hungary that the Soviet Union will allow barter deals and introduce a clearing system to help overcome a crippling ehortage of cash, Reuter reports from Budapest.

Both measures could help spur trade devastated by the moribund group's switch to hard currency accounting and world prices this year, officials from the two countries said.

KOF

from the two countries said.

"We have already received information that a draft proposal has been submitted to the Soviet government that would plan to lift the ban (on barter)," said Hungarian trade official Mr Lajos Berenyi.

He also suggested the countries adopt a clearing system that would use the money Hungary pays for Soviet Hungary paye for Soviet imports to help finance Hun-

garian exports. This temporary arrangement could help shore up bilateral trade until the countries get used to the new trade

Both Poland and Hungary have posted large trade sur-pluses with the Soviet Union so far this year as they continue to buy Soviet energy supplies but find many Soviet customers do not have the

money to pay for imports.

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The assessment of expressions of interest will be the responsibility of the Board of Grain Corp which reserves the right, in its absolute discretion, not to accept any expression of interest and to vary the terms of the sale and the sale procedure.

Hungary's sell-off hits hard times

Privatisation may come too late for some, writes Nicholas Denton eon Richter, Hungary'e largest pharmaceuticals company. "Last year we thought Gedeon Richter and companies like that were flagships," Mr Bok-rus says. But the company has suffered from the insolvency of the important Soviet customers. T IS only as the privatisawas launched last September,

tion of east Europe'e econ-omies has moved from the realm of theory to practice that the daunting complexity of the task has become clear.

Hungary, which has gone farthest in dismantling state control of industry, is therefore finding out first that the transformation is easier said than done. Transactions have to pass through the confusing legal, financial and administrative tangle left by 40 years of communist state control.

One temptation is to cut

straight through the knot, by distributing property for free, and without discrimination, to and without discrimination, to the entire population or to for-mer owners. But Hungary, more than Poland and Czecho-slovakia, has opted for the deliberate way; genuinely sell-ing state property rather than just spreading it around.

The decision has its costs.

The process is far more complicated than we ever thought," says Mr Karoly Szabo, deputy managing director of the State Property Agency (SPA); the privatisa-tion agency, which bears the brunt of people's impatience. "People think that privatisa-

tion is just a matter of making an advert: this is for sale," complains Mr Lajos Bokros, the president of the Budapest Stock Exchange and board member of the SPA. In fact, every state company needs extensive legal, financial and organisational restructuring to prepare it for sale, Mr Bokros says. "Very few people know what is involved."

Learning has been painful Hungary'e flagship First Privatisation Programme (FPP), under which the SPA is selling off 20 attractive state companies, is running well behind schedule. When the package was launched last September,
Mr Lajoe Csepi, managing
director of the SPA, expected
the process to be complete by
the middle of this year.
Instead, that is when sales are
now scheduled to begin. Pannonplast, a Hungarian plastics company, will be the first to go

public next month.
First, the SPA was inundated by interest from western
investment banks and other

consultants after it made an open invitation to tender for naging the sales. On top of

Out of the 10,000 shops and restaurants covered by Hungary's retail privatisation plan, fewer than a hundred have been sold that, several months have been lost, according to one agency adviser, by underestimating the time needed to audit com-

pany finances. The agency only approached the large international accountancy firms based in Budapest at the beginning of this year. By then the annual financial reports season was already

Overstretched accountants could not take on much of the work. Once they did, audits to prepare a company for sale have been taking as long as six months.

Mr Bokros says the neglect of auditing in the past "was a bad mistake". It has been compounded by the government'e rejuctance to give the SPA suf-ficient funding: "Without prithe advisers and privatise.

east Europe. Advisers are selling moving targets. Take Ged-

vatising you have no income; without income you can't get A company's value is all the more difficult to calculate in economic circumstances which are shifting as fast as those of ing off state enterprises, as in the west. Rather, the govern-ment, the SPA, local authori-ties, enterprise councils and state company managers, have varied and conflicting interests, all of which have to be reconciled.

its important Soviet customers: "Every week its value is

Moreover, state property was never organised by the commu-

nists with the convenience of privatisation in mind. It is not

simply a question of a single, unconstrained anthority sell-

For example, Dannbias Hotels is one of the largest and soundest of the 20 companies in the First Privatisation Proamme. It should be among gramme. It should be among the easiest to sell. But all the company's 18 first-class hotels lie on land owned by the local authority, which is entitled to shares in the new private sector entity. That requires 18 separate and difficult

gotiations. Managing relations between state company managers, who have their own priorities and advisers has also proved more awkward than expected. There have been serious conflicts sometimes," says Mr

Even within the SPA, there is a huge gap in understanding between westerners and Hun-garians, which is only being

to one western adviser. Nor are government privatisation pro-grammes other than the FPP going any more smoothly. Out going any more smoothly. Out of 10,000 shops and restaurants covered by Hungary's retail privatisation plan, fewer than a hundred have been sold, a full four months after the first sales. In Kobanya, a suburb of Budapest, the local state grocery company recently managed to get rid of only one of the eight shops it put up for auction.

Much of the blame attaches to the confusion over land registration, over rules for anc-tions and for land valuation. "This is a jungle, a real estate jungle," says Mr Erno Racz, an SPA director. He mentions a shop on Budapest's main shop-ping street whose ownership papers went back no further than five years. The location of another one, by Lake Balaton, was registered as being neath its waters.

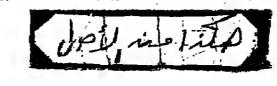
Besides these absurdities, officials and valuators also misjudged the market and set prices too high for what were often only rental rights. "This privatisation is toddling in children's shoes," says Mr Janos Simon, privatisation manager of a Budapest restaurant chain, referring to the catalogue of errors alogue of errors. Mr Simon has matters in

perspective, for Hungarian privatisation is suffering from little more than teething trouble. Officials do not expect to repeat their mistakes.
The SPA claims to have partially privatised over 200 of Hungary's 2,000 state compa-nies. "It is the speediest privatisation in history," says Mr Bokros. The question is whether that is enough. For

many companies, privatisation will come too late for survival

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at bank Mexico plunges into \$639m trade deficit

By Damian Fraser in Mexico City deteriorated sharply to a \$639m (£369m) deficit in this year's first quarter; excluding revenues from maguiladora (or inbond) industries the deficit was \$1.60m.

Although capital flows into the country can sustain a defi-cit of this size, the figures rep-resent a considerable setback and increase fears that the economy is over-heating. In 1990 Mexico ran a trade

surplus of \$630m or, excluding maquiladora, a deficit of \$3.03bn. This in turn was a substantial deterioration on 1989, when Mexico ran a sur-plus of \$2.40n.

In the first quarter of this year imports grew 37 per cent against the year-earlier period. There was no noticeable differ-ence in the growth rate in ence in the growth rate in imports of capital goods (up 39.5 per cent), consumer goods (37.9 per cent) and intermediate goods (36.5 per cent). Three-quarters of the growth in consumer goods imports was accounted for by increased imports of sugar, meat, and petrol products.

Over the same period non-oil

exports grew 7.3 per cent and oil exports 2.4 per cent. Mexico's Ministry of Budget and Planning said the export growth was boosted by strong performances in the car, chemicals and computer industries. However, the growth in car axports, and manufacturing

axports, and manufacturing exports of which it forms the biggest part, was mainly due to a substantial contraction in the

of the economic consultancy Ecanal says Mexico will sea worse figures for the third and fourth quarters of this year as the effect of the US recession on Mexican exports becomes more apparent. He believes the trade deficit for 1991 is likely to

value of worker remittances, thereby reducing 1990's deficit

and subsequent ones — by
\$2bn compared to previous
years.

Mr Domingo Cavallo, econ-

government wants to ease pro-vincial finances in the run-up

to crucial mid-term elections in

October.
In many provinces the public

sector is by far the largest employer and patronage is a formidable political tool.

• Mr Raul Alfonsin, former

president and leader of the

opposition Radical party, suffered a reverse on Sunday in

primary elections in the cities

of Buenos Aires and Córdoba, when moderate opposition can-didates defeated his candidates

Roundtable with the

Government of Ireland

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performance, with growth well above the EC average. Inflation is amongst the lowest in Europe: industrial peace and wage stability have been achieved; considerable progress has de in tackling Ireland's large national debt; and a high level of foreign investment has

Although the Programme for Economic and Social Progress in the 1990s has just been signed, will its objectives be met in the face of the challenges posed by Ireland's full integration into the EC market? What will be the impact of the CAP reform and GATT negotiations on Ireland's agricultural sector and the wider Irisb economy? How will the country cope with the

problem of unemployment? Will Ireland remain an attractive investment location for foreign

To examine these issues and many others, we have arranged an occasion for business to meet government. The Roundtable will offer senior executives the opportunity to talk to Ireland's

key decision-makers on an open and informal basis and hear from them what ites ahead.

on indirect tax harmonisation? How will the government tackle the endemie

Since the late 1980s; Ireland has witnessed a dramatic turnarou

October .-

Menem backtracks on regional aid scheme

Argentina has unexpectedly amounced plans to revive a scandal-ridden regional development scheme at a scandal ridden regional development scheme at a scandal ridden regional development scheme at a scandal ridden regional development scheme at a opment scheme suspended last

Mr Menam said during a weekend visit to his bome province of La Rioja in the impoverished west of Argentina that he would sign a allowing companies decree allowing companies locating in poor regions to claim value added bax rebates on their purchases.

The development scheme, which cost an estimated \$600m (£460m) a year in lost tax revenues, became a notorious source of corruption as businessmen and politicizus faisified documents to win tax breaks without moving their factories from the industria-

Córdoba and Santa Fe. The scheme was frozen last year under emergency legislation enacted as Argentina recovered from its second bout ernment fought to stabilise the

Although inflation has subatruggling to control its

> Official carrier: Aer Lingus &

first quarter of 1990 following a strike at Ford. Mr Rogelio Ramirez de la O

reach \$3bn.\$4bn, or \$7bn.\$8bn excluding magniladora.

This would imply a current account deficit of \$10bn.\$13bn, more than double 1990's outcome of \$5.2bn. This year the government redefined the

and Atlanticist tradition of US foreign policymaking.

The article reflects the current debate not only about the US role in the world after the Cold War and in the light of the Gulf crists, but also about the world arter the cold war and in the light of the Gulf crists, but also about

\$300m budget surplus this month and has refused pay rises to pensioners; teachers, bealth service workers and the armed forces. armed forces.
Officials could not explain why the president chose to reestablish the scheme.
An Economy Ministry official said: "We know Menem has these ideas, but he has not set a date for signing the decree, which is important."
Commentators suggest the government wants to ease pro-

by wide margins. The defeat could foreshadow further setbacks in provincial condition primaries to be held later this

Policy guru challenges **US** foreign commitments

By Peter Riddell in Washington

AN unexpected challenge to the US's international commitments has come from Mr Wil-liam Hyland, one of the high priests of the American policy establishment and editor of

establishment and editor of Foreign Affairs magazine. In an article in the New York Times, Mr Hyland argues that the US should start disen-gaging from abroad and "des-parately" needs to take a psy-chological turn inward. The nation, he argues needs

The nation, he argues, needs "to start selectively disengag-ing abread to save resources and seize the unparalleled opportunity to put our house in order. We should avoid new entanglements in the Middle East, withdraw the bulk of our armed forces from overseas and cut back drastically oo

foreign aid.
There is no longer a persuasive threat that requires keeping more than 500,000 ground, air and naval forces in Strong, at any market state. Why should Americans pay to defend rich European allies, or spend \$800m a year to rent naval and air bases in the Philipping.

lippines?"
The impact of these remarks is all the greater since they come from a commentator, a magazine and a sponsoring body (the Council on Foreign Relations) which have been among the main upholders of the post-war internationalist

the relative balanca between domestic and foreign policy. Mr Hyland describes the

Gulf War as more of a stimu-lant to American murale than a guide to the future. Taking on new commitments in the Middle East and the Persian Galf while maintaining most of the old ones in Europe and the Far East cannot be justi-fied in face of a disastrons domestic agenda: crime, drugs, education, urban crisis, fed-eral budget deficits and a constant squeeze on the middle class, the backbone of our

Bush urges free Cuban elections

PRESIDENT George Bush called yesterday for free elections in Cuba and met promidence, AP reports from Washington. Mr Bush also ington. Mr Bush also demanded that Mr Fidel Castro, Chhan president, free political prisoners and allow the UN to investigate human rights in the country.

US relations with Cuba could improve under specific s, Mr Bush said in a

Collor goes 'soft' on Brazilian business

His new economy minister shows willingness to negotiate, writes Christina Lamb

HE abrupt departure of Ms Zelia Cardoso de Mello from the belm of the world's eighth largest economy has shown Brazil's business community in its true opportunistic colours.

Led by São Paulo's industrialists, businessmen have been quick to exploit the "more flex-ible team" which they perceive has taken over from Brazil's first female finance minister and the young academics who surrounded her.

Despite a continued price freeze, the business community has blatantly raised prices in the past 10 days since Ms Cardoso's surprise departure. They have also called for a return to the high-interest abort-term "overnight" financial market abolished by Ms Cardoso. Interest rates shot up to 45 per cent a month. In another indication of things to come, senators from Brazil'a north-east, in the committee to approve the new central bank governor, threatened to block the nomination unless the liquidation of their bankrupt state banks was suspended.

Such actions go a long way to explain why businessmen have momentarily forgotteo the gloom of a deep recession to great the appointment of her auccessor, Mr Marcilio Marques Moreira, a former

banker and diplomat.

Inheriting an almost empty ministry (50 people having left), with loudspeakers outside announcing a general atrike for May 22, and forced to send police into supermarkets to anforce the price freeze, Mr Moreira may have been won-dering why he left the plush embassy in Washington to take the joh of Brazil's sixth economy minister in six years. However, President Fernando Collor de Mello e motives for appointing bim have become increasingly clear. Escaping the chaos in Brasilia



Moreira: inherited almost empty ministry

for an official visit to Spain, President Collor took time out

economy in which the main actors are the elite."

has become known as the "fan-tasy island of Brasilia" -could be sustained only if the

government still had popular support or its economic poli-

cles were producing results.

The isolation of the Cardoso

Cardoso: abolished 'overnight' market But they had neither. During the past year the president's popularity has dropped from 80 per cent in favour to 51 per

President Collor took time out from an afternoon jog to tell journalists that the govern-ment'a new style was "soft" – using the English word.

"Moreira's appointment is a white flag to the establish-ment," says Mr Walder de Goes, a political scientist at Brasilia University. "Collor has discovered that the aptivities ceot against. The ecocomy, meanwhile, shrank 4.6 par Mr Moreira heads an older. more streetwise team, mostly discovered that the anti-élite rbetoric so effective for win-ning elections, in which the

more streetwise team, mostly members of former President José Sarney's government. Mr Roberto Macedo, the new economic policy chief, was 37-year-old Ms Cardoso'e teacher. But it is more than just a generation gap. The Moreira team is already showing a new willingness to perotiate. poor are the majority, is com-pletely unsuited for running an gness to negotiate. The task is hardly easy, though Mr Antonio Kandir, the former chief economic policy team - caricatured as debat-ing abstract theory on what maker, claims: "We turned the economy round from chaos to a manageable state." There was clear regret in Mr Kandir's

voice as, seated in his Brasilia

flat, where many of the ideas

for President Collor's bold stabilisation programme were conceived in March 1990, he watched the furniture being

takeo away. "We brought inflation down from 150,000 per cent to 350 per cent, turned a projected public deficit of 9 per ceot to a sur-plus, increased reserves from \$5bn to \$8bn, ended the financial circus and debt moratorium." be says.

But the current situation of 7 per cent monthly inflation can be quickly undone ooce the price freeze is lifted and repressed inflation floods back (most industries claim their prices to be 35 per cent below what they in fact are) as well as by the return of \$27bn in cruzadoe seized in an assets freeze last year.
President Collor compared

the situation to "winning a football match with five goals

but letting in two". Escaping from the freeze and returning to growth without inflation is the biggest challenge for the new minister in a government which bas already spent its best hullets.

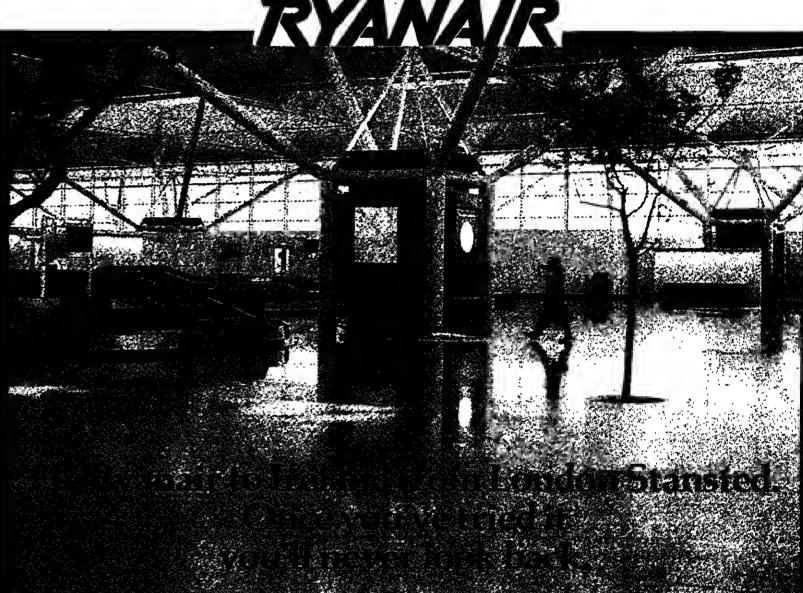
There is another problem. Ms Cardoso's demise revealed the power of President Collor's kitchen cabinet - the friends and relations from his bome state of Alagoas who surround the presidency. They played a powerful back-stage role in Ms Cardoso's removal, the final spark being a public row with Mr Egberto Baptista, the regional development secretary and close friend of President Collor, who Ms Cardoso allege had passed a decree to benefit his brother.

A oew word - "alagoar" -has been invented in the press as a synonym for corruption and last month the construction builders' association pub-licly accused the government of demanding 30 per cent kick-backs. Some of Ms Cardoso's colleagues hinted that ber rea reason for resigning was the down on his friends' alleged corruption.

Not only must the new econ-omy minister resist these pressures hut the chances of secur-ing a much-discussed social pact seem minimal, with busi-oess only interested in prices, workers in wages and Congress (basically a collection of vested interests) pushing to block privatisation and state cuts which slasb at their support bases.

Mr Moreira insists the austerity policy will not change, a view ecboed by Mr Baptista who stresses: "It was Collor's plan oot Zelia's."

Mr Moreira's great advantage is widespread confidence in him. His challenge will be to use this to persuade the Brazilians they must make sacrifices to put the economy back on track.



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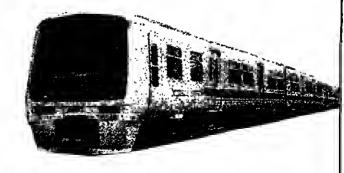
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AMERICAN NEWS

Guyana's policy change draws foreign investors

Canute James looks at a government divestment programme in key sectors of the economy

Silver and the state of the sta nomic policy by the Guyana government, by grabbing at the opportunity to invest in sectors which the state had decreed should not be in pri-

vate hands a few years ago. The decision of Booker plc of the UK and Reynolds Metals of the US to invest in the sugar and banxite industries, underlines the about-turn which the government of this South American republic has made in its policy towards foreign com-

Ironically, neither company is new to Gnyana. Their operations, and those of sev-eral other foreign firms, were nationalised by the govern-ment in the 1970s. Both, how-ever, are among several firms buying into state enterprises being divested by a govern-ment which, for almost two decades, kept foreign compa-nies out and controlled all sec-

tors of the economy. The change in the govern-ment's attitude has been brought about by a need to earn hard currency and to comply with agreements with multilateral financial institutions which have suggested the divestment of loss-making

The divestment, according to The divestment, according to government officials in the English-speaking republic of 900,000 people, can earn the state about \$50m.

Mr Desmond Hoyte, the president of Gnyana, pointed towards the change in economic policy a year are when

nomic policy a year ago when he said that unprofitable state enterprises could not continue to be a drain on the economy,

and if not divested, would have to "go to the wall".

The new policy also invites foreign companies to partici-pate in the sugar, bauxite and gold mining sectors - the pil-iars of the economy.

The invitation to the foreign companies is contained in a document which indicates the scale of the shift in government policy. "It is no part of government's policy to nationalise property," the document says. "The objective circumations during the 1970s no longer exist. The era of nationalis-ation is therefore to be consid-ered at an end."

Booker plc and the Guyana government have concluded an agreement for the company to take over the manage the state-run sugar industry, which is expected to result in new investments of about \$30m

in the industry. Booker plans to convert Guyana's debt to the company of about \$7.5m (representing remaining payments for nationalised assets) into equity, and then to raise just over \$20m for rehabilitation of

In the bauxite mining indus-try, Reynolds of the US and Alcan of Canada are also returning to the country which took over their property. Reynolds is involved in a new min-

The change in the government's attitude has been brought about hy a need to earn hard currency and as a result of suggestions from multileteral financial institutions that loss-making companies be divested

ing venture, while Alcan is dis-cussing assistance in rehabilitating mines and other production facilities which it once owned.

Another company which has accepted the government's invitation is Atlantic TeleNetwork, a US firm based in the US Virgin Islands, which has bought 80 per cent of the stateowned Guyana Telecommuni-cations Corporation for \$16.5m.

The company has assumed all the liabilities of the local utility, including \$10.5m to Northern Telecom which has been upgrading the country's telephone system. While the government has retained 20 per cent of the company, renamed Guyana Telaphone and Telegraph, Atlantic TeleNetwork will spend about \$20m over the next five years in over the next five years in improving the country's tele-

Govarnment officials in Georgetown, the capital, say they hope a similar agreement can be reached with another company, Leucadia National Corporation of Salt Lake City, Utah, which is interested in purchasing a 50 per cent stake in the local electric-ity firm. The Guyana Electric-ity Corporation has suffered from inadequate generating capacity and blackouts in the

country have been long and

The opening of the gold mining sector to foreign companies has led two, Golden Star Resources and Cambior, both of Canada, to investments of \$125m to develop what is likely to be one of the largest gold mines in the Americas.

Two smaller state companies have already been bought. Guyana Timbers has been taken over by Colonial Life. Insurance of neighbouring Trinidad and Tobago, and Guyana Fisheries has been sold to a joint venture of Japanese and

local interests.

Government spokesmen say several foreign airlines, which they declined to nama, are soon to start negotiations for buying into the state-owned Guyana Airways Corporation. The officials say although the company has a fleet of one jetliner, it is likely to attract investors because it has route rights to seemed major efficient. rights to several major cities in South America.

Local businessmen say there is little doubt that the Guyana government has undergone a dundamental conversion in its economic policy, but political change in Guyana is likely to affect the attitudes of prospec-tive investors.

A general election is due later this year. The opposition leader, Dr Cheddi Jagan, an avowed Marxist, has been critical of the divestment of stateenterprises, saying it represented "ideological retreat" by President Hoyte's administra-tion, and would lead to busi-nessmen plundering the coun-

by.

Dr Jagan, however, is not expected by local business to reverse the divestment programme if he takes office. "It is clear to the opposition as it has become clear to the govern-ment that state control cannot work," said one banker. "Seliing off state property is no lon-ger a party political issue. It is an irreversible fact of Guyana's economic destiny.

Colombian drug cartel to free two journalists

THE Medellin drug cartel announced it has ordered the release of two kidsupped journalists to persuade the govern-ment to end extradition of supected traffickers, AP reports from Bogota. The cartel said it ordered Mr

Francisco Santos and Ma Maruja Pachon freed. Maruja Pachon freed.

Mr Santos, the editor of Colombia's largest selling newspaper. El Tiempo, was abducted eight months ago. He also belongs to one of Colombia's most influential families.

Ms Pachon, a former television producer who is now the director of the Colombian Film Institute, was kindapped on Nov 3. She is also the sister-in-law of Mr Luis Carlos Galan, a leading presidential candidate murdered by drug traffickers in August 1989.

Neither Mr Santos nor Ms Pachon had appeared by late

iraffickers in August 1989.

Neither Mr Santos nor Ms
Pachon had appeared by late
Sunday. However, it often
takes several hours for orders
to be carried out in Colombia's
underground drug network.

Mr Santos and Ms Pachon
were among nine journalists
kidnapped by drug traffickers
since last year. Five have been
released. Magazine publisher
Diana Turbay was killed during a failed rescae mission.

ing a falled rescae mission. In their statement, the cartel said it was releasing Mr Santos and Ms Pachon "to erase any doubt about our 4 pressure over the national con-stitutional assembly," which is deciding if future extraditions should be allowed to the United States, where many Colombians are indicted on

drug charges.

The assembly is expected to vote on the matter this week. President Cesar Gavirla effectively cancelled the extraeffectively cancelled the extra-dition policy in the first weeks of his administration last year. The president offered to prohibit extraditions and reduce prison terms of traf-fickers if they surrendered to authorities. Three brothers who helped run the Medellin cartel with fugitive Pablo Escober – Jorge Luis. Jun Escobar - Jorge Luis, Juan David and Fabio Gchoa - ac-cepted the president's offer and surrendered.

Since 1984, Colombia has extradited to the United States 46 people accused of drug trafficking.

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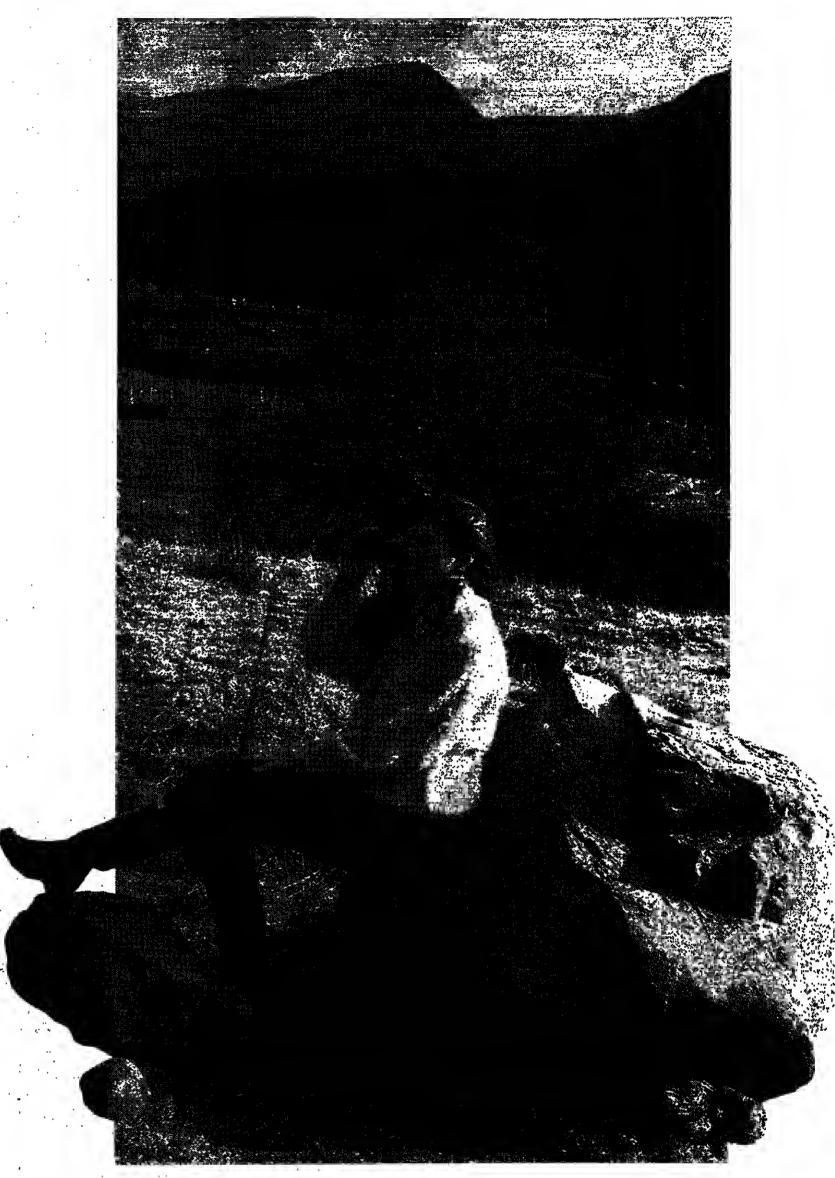
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For Joan Appleton, As a sales attendant at a world famous West End store, Joan Appleton depends on the London Underground to get her to and from work. She has to be there at nine o'clock sharp As a sales attendant at a world famous West End store, Joan Appleton depends on the each morning. Six days a week.

better trains are

It's almost an hour from her home in Epping, 25 miles northeast. In a year, that makes over three weeks of travel time. "That's life in this part of the world," she shrugs. "I'm basically an outdoor girl. I love fresh air and open spaces. But if I have to spend that much time underground, I'd like it to be as comfortable as possible."

part of better living.

She and her fellow passengers also appreciate punctuality as much as comfort; trains that run on time and don't get stuck somewhere along the line. Which, as Joan will tell you, hasn't always been the case. Europe's largest urban population is served by the world's oldest metro system, and it sometimes shows.

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INTERNATIONAL NEWS

South Africa reverses land claim decision

By Patti Waldmeir in Johannesburg

South African Government has agreed to restore land to some of the 3.5m blacks forcibly removed under apartheid, reversing an earlier decision to reject all claims for restitution

Mr Hernus Kriel, the plan-ning minister, told a press conference in Cape Town yester-day that an all-party Commission would be set up to adjudicate land claims - a key demand of the African National Congress (ANC). The decision represents a

major climbdown by Pretoria, which had earlier rejected out of hand all claims by families evicted from their bomes as part of the National Party's policy of confining all blacks to separate homelands.

The government acknowledged that it had responded to criticism from the ANC and others when deciding to withdraw two bills in its recent

draw two bins in its recent land reform package, and table a new one making provision for the Land Commission.

Details of the planned resto-ration remained vague how-ever Mr Kriel said that the Commission would be able to allocate land currently owned by the state (some of it pur-chased in order to create sepa-

rate black homelands).
In addition, the state would purchase a further unspecified amount of land to satisfy claims made to the commission. He declined to say how much land might be involved, though land reform experts

Boat people

step up rush

to Hong Kong

said the first category would involve at least 1.25m hectares

of land.

Mr Kriel ruled out a blanket programme of restitution. "We cannot give a blank cheque to restore land. We simply cannot afford it financially," he said, but added: "The government is not insensitive to the cause of people or communities who were possibly disadvantaged in

the past".

Any such person can take their claim to the commission, which will be appointed by the State President, Mr F.W. de Klerk. He will be free to act on or ignore the commission's recommendations – a feature of criticised by anti-apartheid ground.

Mr Kriel also announced that measures to protect stan-dards in white areas would be softened, with racially discriminatory by-laws to be outlawed.

However white owners of private land would still be allowed to reject black tenants, and local authorities may still be able to pass by-laws which effectively – if not overtly – discriminate by race. Opposition parties in parliament will oppose these meament will oppose these mea-sures, which could impede the bill's passage through parlia-

ment.
Ruling National Party member Mr Piet Marais, chairman of the parliamentary land committee, said the new proposals were drawn up in consultation with groups and individuals, including the ANC.

Moderate turnout looks likely to help Hindu revivalist party

Surge in violence as Indian polling begins

THE FIRST day of polling in India's general election was marked by unprecedented violence in which at least 36 peo-ple were killed and one town in northern India was placed under indefinite curfew.

Turnout in the poll, which covered 204 of the 510 seats being contested, was moderate – a factor that seems likely to favour the more tightly organised, Hindu revivalist Bharative Leate party (PIP)

iya Janata party (BJP).
Yesterday's death toll adds
to the more than 100 people
killed during the campaign making the election far more violent than the last general election in 1989, when 67 people died during the three days

of polling.
Worst hit in yesterday's vio-lence was the town of Meerut, north of Delhi in Uttar Pranorth of Delhi in Uttar Pra-desh, which has a long record of clashes between its Hindn and Moslem population. In yes-terday's rioting in the town, in which 14 people were killed, shops were hurnt and looted and mobs exchanged fire. A curfew was imposed on the

Rioting also took place in other towns in Uttar Pradesh with large Moslem populations including Bulandshahar, Sikandrabad and Varanasi (Benares). In Varanasi 50 peo-ple were wounded in incidents

ple were wounded in incidents of stone-throwing and shooting, and in explosions.
Violence was, however, mostly limited to the northern states of Uttar Pradesh and Bihar, and west Bengal and Andhra Pradesh in the south. In Andhra four people were killed and five others injured whan para-military forces. wban para-military forces opened fire to halt a clash



Supporters of the Samajvadi party wield guns outside a polling station in Bulanshahr in Uttar Pradesh

between supporters of the Con-gress party and the local Tel-egu Nationalist party who were throwing grenades at

As a result of violence and attempted vote-rigging, polling was halted at 41 booths in

gal, and a re-poli ordered. Election commissioner T. N. Seshan said that, despite the violence, voting had been have been almost entirely inci-dent-free in most places."

gion, were left standing.

In the early 1980s, inspired by Hn Yaobang and the nation-wide move to reform, Peking did rebate Tibetan taxes, abolish the commune system and give grants for economic development.

opment. Some monasteries were repaired, religious prac-tices were resumed and educa-

tion given a small boost. Tour-ism increased and, in the rural

areas particularly, life

But the move to send home

Chinese officials did not mate

rialise. In fact, economic devel-

opment since has had the

reverse effect. Chinese immi

neering, tourism and agricul-ture have gone to Chinese, not

Tibetans, who did not have appropriate training.
Peking is investing yuan 1.3bn (£142m) in projects such as airport expansion and roads,

on top of yuan 15bn since 1959. This is not entirely disinterested since, while these pro-

gration into Tibet soared.

Opinion polls, and most political analysts, see former prime minister Rajiv Gandhi's Congress party winning the biggest slice of the 537 parlia-mentary seats at stake, but falling short of a majority.

Polling took place yesterday

in 10 states. The second phase of the poll is on Thursday allowing troops time to redeploy — with the final day of voting on Sunday. Those parts of Bihar and Uttar Pradesh which did not vote yesterday will vote on Thursday.

Iraqi secret police still at large

US troops make ready for Kurds to return

US TROOPS entered the city of Dohuk in northern Iraq for the first time yesterday, to prepare the way for the possible return of the thousands of Kurdish refugees still stranded on the Turkish border or camped in the security zone set up by the

A military convoy led by US amphibious vehicles accompa-nied a team of US disaster officials and experts from Britain's Overseas Development Administration who moved into this provincial capital to assess the public services, badly damaged during the crushing of the short-lived Kurdish nprising

last March. Dohuk, which is just south of the allies' security zone is considered central to the allies' plans to return refugees to their homes. More than 200,000

come from the city.
One US official estimated

had yet been made for the US to help restore the city's infra-The hagi military has with-

one US official estimated yesterday that fewer than 10,000 had so far returned.

After meeting with Iraql officials, Gen Jay Garner, the US commander, said the city "should present a secure feeling for the returning Kurds". However he said no decision had yet been made for the US

drawn three miles south of the city as agreed with the allies. However coalition officials said security was still a problem.

still a worrying number of Iraqi secret police still in the city, perhaps as many as 400. Iraqi officials are clearly keen to play down the extent of the city's damage. Since reaching agreement over the weekend a number of Iraqi doc-tors have been sent to the city

Ten UN guards, patrolling the streets in baseball hats and carrying Smith and Wesson revolvers, were yesterday an Mr Stefan Demistura, heading the UN mission said the decision to ann the guarus was "was useful for psychological and traditional reasons... But the best weapon we have is our blue shirt and our UN flag," he

The 10 officers are the van-guard of 400 to 500 UN security men to be stationed through-out Iraq as a confidence-build-

Mr Fred Cuny, leading the 12-member US civil affairs team, said he was concerned at the state of water supplies and the number of houses destroyed. On one approach road to the city centre whole streets had been turned to rub-

Mr Cuny said that perhaps as many as 800 homes had een destroyed. Allied officials estimate that

only half the city's water sup-ply system is working. Food is also scarce, although the UN is bringing in 300 tonnes of provi-

Walesa faces up to Polish war-guilt in Israel

By Hugh Carnegy in Jerusalem

PRESIDENT Lech Waissa of Poland yesterday confronted highly emotive Jewish meno-ries of the holocaust and

deep-seated suspirions of Pol-ish anti-semitism during a state visit to Israel.

In contrast with so many modern presidential visits, when attention is on the nuts and bolts of political accords and bolts of political accord-and economic relations, the atmosphere on Mr. Walesa's arrival in Jerusalem was laden with more human concerns over a bitter past.

Many Israelis are survivors or descendants of survivors from Poland where same and Jews died in the Second World War – the vast majority of the

Jews died in the Second World War - the vast majority of the country's Jewish population. Many blame Poles for collaborating against them.

Not long ago, Mr Yitzhak Shamir, the Polish-bota Israeli prime minister, whose entire family died in the holocaust, said Poles sucked in anti-semitism "with their mother's milk". During his presidential campaign, Mr Walesa was accused of fauning anti-semitism through remarks that he was "100 per cent Pole" with no Jewish ancestry.

Mr Walesa's response was to

Mr Walesa's response was to come to Israel to face the issue for himself. He was given the for himself. He was given the platform of a speech to the Knesset — an honour bestowed previously only on Presidents Sadat, Carter and Mitterand. Referring to Nazi death camps at Auschwitz, Treblinka and Sobibor — all in wartime Poland — Mr Walesa said: "We too were the victims of the Nazis. We helped you as much as we could."

as we could."

But he also acknowledged the bitter Jewish accusation of collaboration. "Here in Israel, the land of your culture and the land of your revival, I ask for your forgiveness," he said. In reply, Mr Shamir recalled "the giory" of the Poland of his youth - but also "the humiliating anti-semitism".

More mundane issues were not entirely forgotten. Mr Wal-

More mundane issues were not entirely forgotten. Mr Walesa, apparently hopeful that ties to israel can help Poland in its efforts to win western economic aid, said he supported the search for a "just" peace in the Middle East and hoped for greater cultural, scientific and economic ties.

Mubarak names new defence and foreign ministers By Tony Walker in Cairo

PRESIDENT Hosni Mubarak of Egypt yesterday announced a cabinet reshuffle that included the appointment of new but to some surprise there were no changes in the eco-

nomic portfolios.

The defence minister is Lt.
Gen Mohammed Hussein Tantawi, 56, veteran of five wars and former chief of operations. He replaces Gen Youssef Sabri Abu Taleb, who held the job for two years but was always

seen as a stop-gap.

Mr Amr Moussa, 54, previously UN representative, becomes foreign minister in place of Dr Esmat Abdel Meguid, who was elected Arab League secretary general last week. Mr Moussa is a highly regarded career diplomat who has long been earmarked for ministerial office. Among other changes was

the appointment of Dr Boutros Ghali, formerly minister of state for foreign affairs, to be a deputy prime minister in charge of "foreign relations".

HIS WEEK China cele-

By John Effott in Hong Kong NEARLY 1,000 Vietnamese boat people have sailed into Hong Kong during the past three days in the biggest spate of arrivals since June 1989. The arrival rate this month is more than six times higher than a year are and govern

than a year ago, and govern-ment officials believe that it has been partly caused by serious food shortages in north Vletnam, where rice is reported to be especially

About 35,000 Vietnamese arrived in Hong Kong during the peak year of 1989. Officials do not expect this year's total to go so high, but there has been a sudden increase So far this month nearly

3,300 have arrived, compared with just over 500 in the same period last year. The total so far this year is 6,700, up from nearly 2,000 a year ago.

This has sparked fresh opposition among Hong Kong's ethnic Chinese population, who object to the colony being used

object to the colony being used as a place of first asylum. Two weeks ago legislators voted against fresh funds being allocated to expand dstention camps, which are designed to accommodate 54,000 people. Hong Kong is urging the US to relax its long-standing oppo-sition to mandatory repatria-

end holding sale negotiations.

official local Turkish time.

these shares will be specified.

at any time.

tion of the boat people.

Anniversary Tibet wants to forget Colina MacDougall looks back on 40 years of Chinese 'liberation' Famine and violence fol-lowed as Tibet was subjected to Maoist policies, notably the Cultural Revolution. Food shortages killed many, and by 1980, only a dozen or so of the region's 6,000-plus monasteries and temples, the repositories of Tibetan culture as well as reli-gion, were left standing.

brates the 40th anniver-sary of the "liberation" of Tibet. The parties in Chinese embassies around the world will be low-key, since many potential guests have politely declined.

In Lhasa, now overhung by a new Chinese-built 70-metre monument in commemoration of the event, the Chinese have imposed a 22-bour-a-day curfew to keep Tibetans off the streets Security men are thick on the ground and foreign journalists have been banned. The Peking media are anxiously countering western coverage of human rights abuses with stories of Tibet's fendal past com-

pared with the peace and prog-ress under Chinese rule. But it is also the (uncelehrated) 11th anniversary of the visit of Hu Yaobang, the disgraced liberal party leader whose death in 1969 sparked the Tiananmen Square demon-strations. If there were no other evidence, Hn's words in Lhasa (which infuriated hardliners in Peking) would under-mine any claims that China's control of Tibet has been bene-

Surprised to find how far living standards had dropped under Chinese rule, he called for a commitment from the central government to relieve the people's burdens, and dras-tic reforms which would "let

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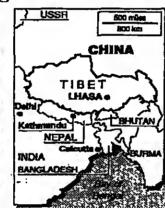
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Republic of Türkiye, Prime Ministry Public Participation Administration (PPA) offers to sell



Tibetans be masters of their own lives". He also proposed genuine autonomy and the repatriation to China of many

The failure to implement Hu's proposals and the continuation of China's colonial-style policies led to the Tibetan pro-independence demonstrations of the late 1980s. These have

brought tough repression.
As these emotional May anniversaries approach, Peking fears a revival of protest, especially since the world spotlight has since fallen on its behaviour. Paradoxically, the "merciless repression" in Tibet called for in 1988 by Qiao Shi, China's no. 3 leader, has speeded the Dalai Lama's campaign to attract outside attention. This has now succeeded to the point

that President George Bush, who previously resisted direct contact to avoid angering the Chinese, accorded the spiritual leader a meeting last month. This week's festivities are

This week's festivities are specifically in honour of the signing on May 23 1951 of the "17-point agreement" which in effect annexed the previously-independent Tibet to the People's Republic.

It is surprising that China should want to call attention to the 17 points, to which it has

the 17 points, to which it has scarcely adhered. The contro-versial agreement was forced on a Tibetan delegation to Paking, when Chinese troops that already wiped out most of the inexperienced Tibetan army and occupled eastern Tibet (now mainly part of Sichuan province). The Dalai Lama acquiesced in the agree-ment fearing the slaughter ment, fearing the slaughter that would fall on Lhasa if he

refused. The 17 points set out a framework for the future sta-tus of Tibet (bearing more than a passing resemblance to the Sino-British Joint Declaration on the future of Hong Kong) which included provisions that Peking would not change the existing political system, alter the status of the Daka or the Panchen Lamas or compsi communist-style reforms. It also guaranteed freedom of

religion.
Initially Tibet did get cantious treatment from Peking but this did not last long. The Tibetans in Sichuan resisted the imposition of Chinese poli-cies, and sporadic revolts broke out which ended in the flight of the Dalai Lama to India in 1969. That was swiftly followed by the full absorption of the Tibet Autonomous Region, as it cams to be called, into China's centrally-ruled politi-

jects may be of general eco-nomic benefit, they have an obvious use in a strategic border region which is heavily militarised. It is also exploiting Tibet's rich minerals and for estry for use in China proper. So far, the motive of the Chinese seems to be to maximise Tibet's usefulness more than to benefit the Tibetans. Their

public celebration of the 17-

point agreement suggests they are unlikely to loosen their grip on this most valuable, if Major Julian Baxter, the UK officer represented in talks with the Iraqis, said there was troublesome, territory.

Lagos returns to central controls on banks

William Keeling reports on a plan to help ailing industry and defend the currency

IGERIA'S banking sector has had a turbulent start to the year, with the government capping lending rates and initiating a fierce liquidity squeeze.

Central bank officials say that the Central bank officials say that the central bank officials say that the central bank placing tight credit

measures were needed to help a trou-bled manufacturing sector and halt depreciation of the naira, which had fallen 20 per cent in five months. Bankers say the measures mark a return to central control and run counter to the principle of de-regulation, which has guided the government's five-year economic structural adjustment pro-

However central bank officials say that in 1990 banking irregularities emerged which had to be tackled. In the last six months of last year, lending rates rose from 21 per cent to 31 per cent, with a gap of up to 10 percentage points between lending and deposit

As one central bank official noted. "such a wide margin between the deposit and lending rates was not in the

spirit of deregulation".

Critics of the banks say that they have exploited deregulation - some-times illegally - and in so doing are undermining the chances for overall

Bankers argue that while they make use of economic distortions, such distor-tions are usually of the government's making. An example cited is the differ-

the central bank placing tight credit ceilings on the sector. This had, until interest rates were capped, allowed banks to keep lending rates high in the face of excess demand for credit.

The profit potential of the sector has led to its rapid growth, with the num-ber of commercial and merchant banks

rising from 82 at the end of 1989, to about 115, with at least another 30 applicants waiting to join the fray.

The central bank has faced problems both in controlling the extra liquidity each new entrant brings to the sector and in monitoring the professional practices of the banks. As one commercial banker explained, "last year we had

something very close to an oligopolistic situation. For instance, the banks effec-

tively pegged their interest rates at a

self-determined level." Hardest hit by the high cost of borrowing was the already depressed man-ufacturing sector. High interest rates have also been blamed for the low level of new direct investment in the economy. The decision to cap interest rates at 21 per cent was initially welcomed by manufacturers but the measure had an inevitable knock-on effect on the

The naira, which had held steady at about eight to the dollar throughout most of last year, slid to less than 10 to the dollar by mid-March. For the manufacture which to be not facturing sector, which is heavily import-reliant for inputs, the benefits of a lower cost of borrowing were all but

a lower cost or norrowing were an our wiped out.

The central bank responded by squeezing liquidity in the banking sector and, over a two-week period, almost tripling the amount on offer at the anc-

It also banned 18 banks from the auction for four weeks because they failed to cover their bids with sufficient naira funds. Bankers donbt, however, whether the moves will have more than a short-term effect.

hile the naira did appreciate to 8.7 naira to the dollar at the end of March, it has already end of March, it has already slipped again to mor than 9 to the dol-lar. And although activity on the paral-lel market is subdued, the autonomous exchange rate has remained steady at about 12.5 to the dollar.

Bankers argue that if exchange rate stability is to be achieved, the central bank would do better to fine-tune its auction system. Those banks making the lowest bids currently fail to win foreign exchange which, bankers say, has tended to force up the rate. The central bank also stipulates that

customers on whose behalf the banks

hid must not be charged more than an additional one percentage point on the value of the each bank's bid. With demand for foreign exchange outstripping available supply, those banks which bid highest profit the

Bankers say that the central bank has not been receptive to alternative suggestions. As one banker noted, we told the central bank last year that they should make us sell at a fixed rate above the weighted average of bids.

That way those who bid low benefit and those which bid too high will have their profits cut." Instead, while the intention may have been to limit the excesses of the bank-mg system and to assist manufacturers. the government has adopted an

exchange rate exhibiting a large degree of central control. And such a policy has implications outside the banking sector, particularly for manufacturing and agricultural exports, which the structural adjustment programme had tried to promote.

Bankers argue that present government policy is likely to backfire. Many banks are now using subsidiary finance companies to lend funds on, in order to break the interest rate celling and the mous exchange rates, currently almost 40 per cent, has increased potential profits for banks which engage in the illegal round-tripping of funds.

with EC

Australian ministers pressed for hig cuts in subsidies to European farmers, which the Cairns Group blames for the collapse of the Uruguay Round of the Gatt negotiations in Brussels last year.

However, Mr Frans Andriessen, the EC external relations and trade commissioner, warned the Cairns Group against pressing too hard for changes to the Community's Common Agricultural Policy.

"When you risk not getting what you want to get," Mr Andriessen said after the meeting.

Mr Andriassen said US moves towards "fast track" approval of Gatt agreements indicated that the round could be concinded successfully at the end of the year.

He also said that proposed changes to the CAP would reduce European production, hut warned that subsidies would always be necessary within the EC.

WORLD TRADE NEWS

war-guilt take tough lir take tough line on China trade'

By John Eillott in Hong Kong

THE US is likely to impose onerous conditions on any extension this year of China's most-favoured nation (MFN) trading status, according to a group of Hong Kong-based US businessman who havs recently held high-level meet-ings in Washington.

This is a far more pessimis-

This is a far more pessimistic forecast than had been expected and is causing serious concern in Hong Kong. The colony's viability as a trading and financial centre depends heavily on China's infernational business, and its manufacturers rely on cheap labour in southern China to process many of their goods.

many of their goods.

Estimates suggest that an ending of the MFN status could wipe out np to 2 per cent from Hong Kong's annual economic growth rate, which this year is forecast to rise by 3.5-4.5 per cent

Some 40,000 to 50,000 jobs might he lost in companies linked with southern China. Mr Warren Williams, president of Hong Kong's American Chamber of Commerce, said yesterday he had returned from Washington "much less confident" that President George Bush could eventually push through a renewal of MFN without imposing conditions that would be unacceptable to China.

able to China.

After meetings with senior White House officials, leading congressmen and departmental officials, he realised there was a "deep-seated feeling in all quarters" that China had "done nothing" to earn an unconditional extension.

"In all probability, MFN will not be extended without conditions. That is where my money would go if I was betting on the issue right now. The battle is just beginning to be fought, and it is going to be a battle," said Mr Williams.

Mr Bush has to make his

Mr Bush has to make his first move on renewing MFN by June 3. He has indicated his personal backing for such a personal backing for such a step. But his opponents cite issues such as China's trade surplus, which is forecast to reach \$15bn (£8.6bn) this year, Peking's poor human rights record, protectionist policies on intellectual property, export of products made by prison labour and arms sales.

UK may lose part of £400m Brunei arms deal

By David White, Defence Correspondent

A BRITISH deal to supply up Muda Hassanal Bolkiah Mu'izarms worth up to £400m to Brunei has been held up for more than 18 months after being agreed by Mrs Margaret Thatcher, then the UK prime

No firm contracts have yet been signed and part of the deal could be lost to German or italian suppliers.

Mrs Thatcher signed a protocol covering the supply of aircraft and naval vessels with Sir

zadan Waddaulah, the Sultan of Brunei, during the Commonwealth Conference in Kuala Lumpur in October, 1988. The proposed deal involves the supply of 16 British Aero-space Hawk aircraft, some of which would be two-seat trainers and others single seat fighters. The sultanate does not have any fixed-wing aircraft in its air force, only helicopters.
This part of the package is

estimated to be worth £200m including spares and training. BAe said yesterday it was still counting on completing the deal but contracts had yet to be finalised. The precise mix of trainer and fighter versions had to be determined.

The Southampton-based Vosper Thornycroft shipyard was expected under the govern-ment-to-government agreement to supply three Vigilance-class corvettes or large offshore

patrol vessels, worth up to a further £200m including sup-The shipyard, heavily dependent on export orders, received a setback last summer when

Brunei said it planned to re-open the corvette purchase to international competition. It is understood, however, that no invitations to tender have been

The potential competition would pit Vosper Thornycroft

against the rival British yard Swan Hunter of Tyneside, which confirmed yesterday that it was certain to bid if invited. Other yards expected to bid are Lürssenwerft and Bremer Vnlkan of Germany and Fincantieri of Italy. Delays in the Brunei deal

buy Tornado combat aircraft in

echo difficulties over a 1988 British arms package for Mal-sysia, which dropped a plan to favour of the cheaper Hawk.

Study finds that Japanese consumers pay the price

By Robert Thomson in Tokyo

A JOINT US-Japan study has found that the sama German spark plug is four times more expensive in Japan than in the US, that British jam was more than twice as expensive in Japan, and that prices of comparable products are on average 37 per cent higher in

Japan.

The study was released yesterday during talks between US and Japanese officials to review progress in the Structural Impediments Initiativa (SII), which was launched two years ago in an attempt to remove "structural" barriers to bilateral trade and to reduce Japan's huge bilateral surplus.

A similar price study conducted in

A similar price study conducted in October 1989 found that products were 39 per cent more expensive in Japan than in the US, and Mr Michael Farren. the US under-secretary of commerce, said the new results suggest that Japanese consumers pay unfairly high prices and that imported products still

face significant obstacles in Japan. face significant obstacles in Japan.

"What you see in these prices is a
lack of competition," Mr Farren said.
Ha suggested that the multi-layered
Japanese distribution system and the
monopolistic tendencies of Japanese
corporate groups contributed to the
higher prices, which should provoke
consumer dahate within Japan on

needed reforms.
Of the 112 products surveyed by Japanese and US government researchers, 67 per cent were more expensive in Japan, and of the 40 products made in Japan, 12 were more expensive in Japan, including a bottle of saks, which was 44 per cent more expensive than in the US. The survey also included 20 products from third countries, mostly European, of which 19 were more expensive in Japan than the US.

US officials want to use the two-day ST teller as a prographic to product.

SII talks as an opportunity to press Tokyo for increased monitoring of the

allegedly unfair trading practices of the Japanese corporate families known as keireisu. They also want further reforms to the distribution system, and tougher anti-monopoly legislation.

Japanese officials are disappointed by the US response to SIL Mr Koji Watan-

the US response to SIL Mr Koji Watan-abe, the deputy foreign minister, began the talks yesterday with a comparison between the numerous changes intro-duced by the Japanese government and the relative inaction in Washington, which has insisted that the initiative is a "two-way street."

a "two-way street."

However, Mr Farren defended the US performance, and Washington's failure to keep a promise on reducing its budget deficit was due to the unexpected burden of US savings and loan crisis. He said that promised action had been taken in education reform and export

●US Vice President Dan Quayle yesterday heard hints from Prime Minister

STRATEGIES FOR THE SINGLE EUROPEAN MARKET

Toshiki Kaifu that Japan might ease its ban on rice imports, officials said, AP adds from Tokyo.

Mr Quayle also pressed for Japan to buy more US vehicles and auto parts, and thanked Japan for its financial aid to the allies' war against Iraq and to

Nicaragua's transition to democracy.

A Japanese Foreign Ministry official said Mr Kaifu hinted at a breaktbrough in stalled international trade talks by saying Japan would be willing to work out the dispute over its ban on rice imports as long as other countries also worked out their "difficult issues" in

The trade talks broke down in Brussels last December over sgricultural issues. Japanese law bans rice imports on the premise that Japan must be self-sufficient in its staple food. Japan's powerful and heavily subsidised farm lobby says it cannot compete with

the talks.

ADVERTISEMENT

UK intervenes over Malaysia power dam

By Lim Slong Hoon in Kuala Lumpur

THE UK government has 65 per cent, or about £200m, of intervened to umblock the contract for Malaysia's largest hydro power dam, stalled by a 65 per cent, or about £200m, of the contract value in soft, comtract, which is called the "UK content," is tract for Malaysia's largest hydro power dam, stalled by a dispute over repayment terms between UK financiers and Tenaga Nasional, the project's

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Mr Malcolm Ian Sinclair, the minister for state at the British Foreign and Commonwealth Office, met Malaysian officials in Kuala Lumpur last week. But the Pergau project remained in abeyance nina months since its construction-and snpply contract was awarded to British contractors.

The dispute centres on the privatisation of Tanaga, the electricity monopoly, which raised doubts about whether it qualifies for cheap, and subsi-dised commercial credit from

Without the credit, the M\$1.35bn (\$300m) contract to Balfour Beatty and Cementa-tion, the construction unit of Trafalgar House, is in jeoping loans at around the 0.8 per cent interest rate which Ten-aga is demanding, offering

about 10 per cent instead. Following Mr Sinclair's visit, however, the Malaysian government was still bolding UK to its word for the soft loan, it says, as part of Pergan's construction, supply and financing package. Failure of the deal could have political repercus-sions in UK-Malaysia relations since Pergan is associated with the heart of improving eco-

The contract, the largest received by any UK company, has come to symbolises the revival of British commercial interests in local government contracts withheld during the buy British last" policy days

of the early 1980s. The present controversy emerged after September 1 when Tenaga'a legal status changed from a crown corporation, accountable to Parlia-ment, to a private entity owned albiet, 100 per cent by

the government Pergau had been on the pipe-line for four years or more, and much the negotiations were carried out before the change. In return for the construction contract, UK was to pro-vide financing in two tranches: non-repayable British govern-

ment grant.
According to one senior manager, Tenaga had the option to combine the two financing elements into a single, apparently even cheaper, commercial loan repayable in 15 years after a five-year grace.

Financing details was to be sewn up within three months

of the award so that the entire deal would be readied by December. Completion of Pergan, near the Malaysian-Thai border, is 1996 after 58 months. It seems unlikely UK finan-ciers were unaware of Tenaga's inpending change; J Henry Schroders Wagg, the UK financial group which acted as adviser, had helped mapped Malaysia's privatisation.

Malaysia seems inclined to view Pergan as a governmentchanged. Tenaga's public sale had been put off twice from December to next March, then May. Tenaga says the postponement was necessary for an group's assets. It has been esti-mated at around M\$11bn; of which a divestiture stake of 25 per cent is plausible, according to one analyst.

Tenaga's annual revenues have risen steadily by around 7 per cent over the past four years to M\$3.1hn at last August. But its 1990-91 forecast pre-tax profit is expected to fall affecting thus its offer price.

Long-term debt, at M\$5.3hn is 100 par cent of equity though, with yearly capital expenditures expected to dou-ble to M\$20m this decade, the

ratio could rise.
Tenaga has 4,900 MW in installed capacity and plans to add 3,000 MW, including Pergau's 600 MW, over the next ital expenditures, Tenaga had relied on inexpensive credit from organisations like the Asian Development Bank. tha Pergau deal remains blocked the contract value has

Flexibility and Innovation Casio Computer, a leading consumer electronics maker, is closely tracking changes in world markets and customer needs to reap the benefits these changes will bring. Kazuo Kashio, president of Casio Computer Co., Ltd. in Tokyo, and Dick Rayner, managing director of Casio Electronics Co., Ltd. in London, explain.

Leading through

By Russell McCulloch



Mr Dick Rayner, Managing Director, Casio Electronics Co., Ltd.

McCulloch: Casio's business results during last fiscal year were excellent. Which divisions contributed most to your increase in sales?

Kashioc .Our sales of watches and musical instruments were especially strong last year. In our watch division, we have always maintained that watches represent the most useful and the most comfortable form of personal equipment which everybody owns. We are making watches more functional by incorporating sensors which measure changes in temperature, atomospheric pressure and so on. Later this year we will be launching a new range of "BP Monitor" watches which, for the first time anywhere, will enable people to easily check their blood pressure. Last year, we introduced stopwatches which are precise to 1/1000th of a second. Our reputation for innovative technology and precision bave contributed greatly to the success of our watch sales.

New Sensor Watches to be Unveiled

Last year was also a very good year for our musical instruments and we have just begun marketing a brand-new range of electronic pianos which has a built-in compact-disc player which allows performers to play along with their favourite CD recording and full orchestra accompaniment. By adapting existing technologies and developing new ones, we have been able to record spectacular growth in this area. Over the last ten years our accumulated sales have reached some 30 million units.

McCulloch: Where does Casio rank in terms of market share in Europe and the rest of the world?

Kashio: Our range of products is very broad but we lead in almost every field. In calculators, we are the leader both in Europe and throughout the world. As for scientific calculators, we are first in this sector, as well, because most schools are

Leading in Europe and the World

As for watches, both digital watches

and combination watches, are No. 1 in Europe. In musical instruments, I can confidently say that we created an entirely new market niche with our electronic keyboards, so our market share is very high for these, as it is for electronic cash registers and personal 'pocket' colour TVs. For all of these, Casio was the original developer of these products and this is why we lead in market share.

McCulloch: Does this apply in the UK

as well? Raymer: Casio's position in the UK is a reflection of Casio's position throughout the rest of Europe. In calculators, we dominate the High Street market as well as leading the education market with our scientific calculators.

For digital watches, we are almost the only digital watch in the general consumer market. And because we actually created the home market for keyboards in the UK. we began with a dominant position and have retained our leadership ever since.

McCulloch: How have you been able to maintain that dominant position? Rayner: We've been able to set the pace and keep our lead because of a

combination of factors.

Price, Timing and Sales Backup are Crucial

Firstly, the products have to be right for the marketplace and timing here is crucial. By keeping abreast of market trends, Casio is usually the first to launch new and innovative products and this usually leads to dominance. Secondly, pricing has to be in line with market trends and demands. and again, Casio's prices are always competitive. Lastly, distribution and after-sales service have to be correct to present the product for consumers to purchase and then to keep them satisfied with performance once they've made the decision to buy. I think we do all of these things quite

McCulloch: What factors do you think have contributed to your success in Europe?

Kashio: The most important goal for

a manufacturer and exporter in any market is to establish a petwork of sales and distribution bases in key market areas, and this is what we have done. We have Casio Electronics in London handling sales throughout the UK and Casio Computer in Hamburg covering sales and distribution in Germany. For other countries in Europe we have accredited distributors, and their activities are coordinated by Casio Europe from Amsterdam. In Eastern Europe, we now have local offices in Budapest and Berlin, so I think we are well represented throughout the continent. This has been a major reason for our strength in the

McCulloch: How do you view the unification of the European market in 1992 and how are you positioning Casio to take full advantage of the integration?

Kashio: The formation of a single market in Europe will represent a major event in world history. This is something which Casio is watching very closely. This kind of market integration may well be repeated in other parts of the world among regional trading blocs and so from that point of view we will be monitoring the situation very carefully to see what advantages this might offer for our business. As one preparatory measure, we have altered the structure of our Export Division and created a Europe Division which will enahle us to swiftly cope with any changes occurring there which might affect our operations.

McCulloch: Is Casio examining the possibility of establishing manufacturing bases in Europe?

Kashio: When we look at offshore production facilities, we have to consider the benefits both in terms of production costs and marketing opportunities.

New Plants in Malaysia and Japan

Casio has recently established manufacturing operations in the US and Mexico and later this year we will be opening a new plant in Malaysia. And, at the moment we are preparing to open our new factory in Japan in Kochi Prefecture on

Shikoku Island. So, of course, we are trying to establish a worldwide network of manufacturing facilities which will increase our competitiveness and strengthen our sales hase. So far, as Europe is concerned, we are ready to set up production facilities there at any time, but I think it is important that we first wait and see how the process of market integration is achieved before

McCulloch: Finally, given the success Casio has had to date in so many product areas, where will your focus lie in future?

Kashio: Generally speaking, until now Casio has been an 'innovation driven' company in that we come up with new ideas or inventions and then refine them into products for the marketplace. While Casio will continue to be an innovative manufacturer of consumer items, I would like to reverse this order by making product development more closely attuned to changing market demands.

'Personal Automation': **New Growth Area**

We are already achieving this with our digital diaries in the area we call PA or 'Personal Automation'. Our diaries have been very successful both in Japan and overseas, and we foresee huge growth in this sector in the future. But, at the same time, users are demanding much more of their diaries. Our aim is to transform them into Personal Terminals so that they can be easily linked to personal computers and the data up-loaded. In this way, our diaries will become an integral part of modern business activity. This is what I mean by tailoring our products closer to market needs. As a leader in the field, Casio is in the best position to create entirely new markets for a range of PA products while still maintaining our lead and we are already working to realise this objective. Although PA has been an important pursuit for Casio for many years, oo April 1 this year, we established a special PA division at our Hamura, Japan R&D Centre, together with a PA sales task force, which is based in our Tokyo head office. With this major organisational change, I am confident that we can capitalise on changing consumer demands.

Multinationals warning to Brazil over free zone

By Victoria Griffith in São Paolo

DOZENS of multinationals operations in the Amazonian free trade zone of Manaus if the Brazilian government does not raise the area's import quota soon.
"The free zone is experienc-

ing its worst crisis ever," said Mr Ricardo Botelho, spokes-man for BASF, Brazil, which manufactures video tapes in the region. We may close down our

Manans factory at any moment, said Mr. Joao de Aquino Rotta, institutional director of Philco, the television and video cassette manufacturer. In addition to BASF and Philco, some 50 multinationals

have filed complaints over import quotas with the super-intendence of the Manaus free zone, according to Mr Alfredo Nascimento, the organisation's president. The zone has been fighting to maintain viability since the government decided to begin lowering tariff barriers in the rest of the country companies, will make them last year. With Brazil's move to more competitive both at home freer trade, Manaus has lost its and in foreign export markets.

privileged status as a duty-free The conditions which made us invest in Manaus are just plained Mr Botelho, whose group has put \$37 million into 1989. "Lower tariffs in the rest of Brazil have wiped out our domestic sales advantage."

a dramatic surge in labour costs over the last two years. According to Mr Botelho, Amazonian labour was once 40 per cent cheaper than at the com-pany's Sao Paulo factory. Today, it is 20 per cent more expensive. Rising costs led BASF's Amazonian factory to suffer a \$15m loss last year. Hemmed in by stiff competition and high wages, multinationals in Manaus are counting on lower input costs to pull them out of the crisis. They are pushing for an increase in this year's imort quots from \$1.2bn to at least \$1.6bn. Cheaper materials from abroad, say the

CASIO.

CASIO COMPUTER CO., LTD.

2-6-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo 163, Japan Telephone: (03) 3347-4712 Facsimile: (03) 3347-4683

CASIO ELECTRONICS CO., LTD. Unit 6, 1000 North Circular Road, London, NW2 7JD Telephone: (081) 450-9131 Facsimile: (081) 452-6323

Sony to build £147m plant in Wales

by Michael Skapinker

SONY of Japan will today announce that it will huild a £147m television factory and research and development cen-tre in south Wales, employing 1.400 repole

tre in South Wales, employing 1,400 people.

The site at Pencoed, Mid Glamorgan, was chosen in preference to Barcelona, where Sony already has a manufacturing site. The plant will complement Sony's 18-year old facility at Bridgend, also in Mid Glamorgan.

The Sony investment will be

The Sony investment will be the higgest in a new factory so far in Wales, exceeding Toyo-ta'a £140m engine plant on Deeside or Bosch's £100m-plus alternator plant outside Car-diff, the capital.

The decision to build the fac-

tory in Pencoed follows a visit to Tokyo last November by Mr David Hunt, Welsh secretary. and Dr Gwyn Jones, chairman of the Welsh Development

Agency, to press Sony to expand its Welsh operation. The new facility will also carry ont research, develop-ment and design of new colour televisions, computer displays and broadcasting equipment. Although the UK has been successful in attracting Japanese television manufacturing investment since Sony built Its Bridgend factory, the compa-nies have tended to base R&D in Germany. Sony is expected to announce today, however, that Pencoed will be its leading television research and development centre in Europe. In opting for sonth Wales

over Barcelona, Sony is thought to have been infinenced by the high quality stan-dards achieved at Bridgend.

Minister rejects calls to slow pace of health reforms

MR WILLIAM Waldegrave, the secretary, yesterday told the largest group of workers in Britain's state run National Health Service (NHS) thet he was not prepared to slow reforms, including approval of more self-govern-

ing hospital trusts.

His first big speech since the the outhreak last week of a fierce political row over the reforms was given a lukewarm, rather than hostile, reception hy delegates at the Royal College of Nursing's (RCN) annual congress in Harrogate, corthern England.

With no sign, however, of any let up in the pace of the pre-election battle between the Conservatives and Labour, the NHS is still expected to be the subject of clashes in the Honse of Commons today between Mr John Major and Mr Neil Kinnock. Ministers said yesterday they are determined to maintain their charge that Labour had "lied" about the NHS reforms to win last week's

Monmouth by-election.

The reforms are based on a policy allowing state-run hospitals to take control of their own finances by opting out of local authority control.

Mr Waldegrave said it would be wrong to heed calls from organisations, including the RCN, to slow devolution of management to NHS trusts and reforms of NHS finance. "The uncertainty and confu-

sion would be far worse from

the failure of leadership than are the difficulties and strains

we face in a swift transition to a new system," he said.

"It would be far worse for health service workers of all kinds if the wholly predictable and predicted uproar at the beginning of the change was beginning of the changes we are introducing led us to turn back and leave the service and all who work in it with no sense of direction or leadership at all."

Mr Waldegrave, who has seen the future of the health service emerge as one of the most flercely contested issues in the run up to the general election, defended the introduction of an internal market in the NHS.
"It is right that we should be

building a system where the money goes where it can pro-vide most care," he said. "It is too important to allow ourselves the luxury of wast-

ing anything."
Politicians who promised unlimited money were telling

bes, he added. Professor June Clark, in her presidential epeech to the congress, said: The reality is that the rough discipline of the market is producing unforeseen consequences which are already causing suffering to patients, chaos in the service and great anxiety."

Nurses believed health ser

vices were a hasic human right, not commodities to be bought and sold in the market



Pointing the way: William Waldegrave indicates that there is no turning back at yesterday's RCN conference

place, she added.

Mr Waldegrave announced an 8 per cent increase in stu-dent bursaries from September and an extra £3.2m for units pioneering new nursing prac-

Ms Christine Hancock, RCN general secretary, told a press conference Mr Waldegrave came bearing gifts because he knew he was in trouble, But nurses were still angry.
Commenting on claims that at least one London hospital would close because of the reforms, Mr Waldegrave later said: "At the right time, we will, of course, have to intervene and smooth the re-organi-sation in London to make sure that teaching and research are properly safeguarded."

The government's plans were, bowever, condemned yesterday by Mr Rodney Bickerstaffe, general secretary of the public service union Nupe, who said that the pay and conditions of health workers were being badly affected hy the NHS reforms.

Speaking at his union's con-ference Scarborough, north east England, Mr Bickerstaffe claimed that changes to employment conditions in self-governing trusts such as the ambulance services of Humberside and Northumbria were damaging the interests of

He said a "Beirut of local negotiations was being put in place of the service". Lincolnshire has declared a pay cut for temporary staff, while Nor-thumbria has offered a 21 per cent rise to emergency crews

working 12-hour shifts.

The Nupe conference also called for the TUC to reconsider the abolition of national structures for the trades councils which act local pressure groups for union members.

Radical law would abolish monarchy By Emma Tucker

A BILL to replace Britain'e unwritten constitution with a written version was presented to parliament yesterday by Mr Tony Benn, the opposition Labour party MP and long-time campaigner for constitutional

reform.

The bill, which stands no realistic chance of becoming law, includes provisions to aholish the monarchy, lower anoish the monarchy, lower the voting age to 16, introduce equal representation of women in parliament and end British jurisdiction over Northern

ireland.
Mr Benn said many of the bill's provisions, such as abolishing the House of Lords, disestablishment of the Church of England, and setting np national parliaments in England, Scotland and Wales were already popular across

the country.
Mr Norman Tebbit, the former Conservative party chair-man, will argue in favour of man, will argue in lavour of disestablishment of the Church of England in a television programme to be broadcast today. The Labour party has pledged to abolish the House of Lords.

Mr Benn said he hoped to "build up a head of steam outside parliament" for his hill by sending conies to trades

aending copies to trades unions, constituency parties and political organisations. In a speech to the House of Commons, Mr Benn said the debate on constitutional reform cut across party lines. He said people were interested because they wanted parlia-

ment to serve them. His bill would terminate the constitutional etatus of the Crown and the House of Lords.



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London may by-pass EC on green labelling

THE government will introduce its own scheme of environmental labelling for products unless the European Commission is able to agree by the end of the year on a scheme to cover the whole of

the EC. The decision to press ahead with a British scheme unless the EC reaches agreement reflects the government's mounting frustration with the time it has taken for EC states to agree on common rules for environmental labelling.

ernment's stance on the issue was disclosed yesterday by Mr Michael Heseltine, the environment secretary, in a presenta-tion to the National Economic Development Council (NEDC). The EC initiative on label-ling for products has become bogged down in a dispute over

how how much information the labels should provide. The UK is pressing for a label to cover the environmen-tal impact of a product from its manufacture, through its use

manufacture, through its use to its disposal.

Some other governments, however, want the amount of information to be limited to manufacture and usage.

The EC proposals, which were presented at the March

meeting of EC environment ministers are due to be dis-cussed at further meetings in June and October.

The Confederation of British Industry, the employers' organ-isation, told the NEDC discussion on industry and the envi-ronment that there were three difficulties with UK government policy:

• A lack of clarity about pub-

lic policy objectives particularly on transport and land

 Often UK pollution control in competitor countries;

The prospect of sharply higher electricity prices would put further pressure on the finances of industries such as steel and chemicals which

need to make the most signifi-cant polluting industries. Mr Walter Eltis, the NEDC's director general said the minis-ters, business leaders and trade unionists attending the council had broadly agreed on the framework of policy on the

environment.

He said there was evidence that the participants in the council were increasingly able to establish a consensus on the practical aspects of leaves such as environment and education policy.

UK increases aid to Africa and Bangladesh by £30m

By Emma Tucker .

THE government yesterday announced a further £30m in Britain's aid budget for human-itarian relief in Africa and

Bangladesh. Mrs Lynda Chalker, the over-Mrs Lynda Chalker, the over-seas development minister, said the increase demonstrated the government's commitment to "providing snbstantial humanitarian assistance at a time of inprecedented crises." Since the news of famine in Africa and the cyclone disaster in Bangladesh broke a few weeks ago the government has been defending its record on overseas aid in the face of severe criticism from the oppo-

severe criticism from the oppo-

sition. Mrs Chalker said the extra

funds brought the total addi-tion to the aid hudget for humanitarian assistance this

vest to £60m. The bulk of the extra money will go towards famine relief in Africa with £20m reaching its target through non-governmen-tal organisations and international agencies. £5m will go to Bangladesh. Details on the worked out.

The opposition Labour party elcomed the addition but said the amount of money given by the government fell far below the 0.7 per cent of gross national product target set by

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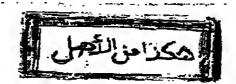
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The Profession

1

sh by £30m

on Emu

By Philip Stephens, Political Editor

The government was urged yesterday by Sir Geoffrey Howe to seize the opportunity offered by its European partners to play a central role in

shaping economic and mone-tary union (Emu).

The former deputy prime minister said that the draft treaty on Emu suggested ear-lier this month by Mr Jacques. Delors - allowing Britain to defer a final decision on whether to participate in a sin-gle currency – meant that the government had now been offered a choice instead of an

Sir Geoffrey, whose resignation last year over Mrs Mar-garet Thatcher's approach to Europe provoked her eventual defeat, warned that "a renewed exclusion of Britain from the process of institution-shaping within the Community would

within the Community would be fatai".

In a lecture to the Institute of Fiscal Studies, he urged the government to accept Mr Delors' concession and "leave open for the present the vexed question of whether or not we actually participate in full EMU, whenever that occurs.

1 His speech came against the backdrop of growing unrest among some right-wing Tory MPs over whether Mr John Major will rests the pressure. 1992 from Britain's European part-ners to to sign up for a single 100

European currency. But Sir Geoffrey dismissed Britain's capacity to veto a

by-pass lish a single sory.

There was a tendency in to underestimate the single There was a tenuency in Britain to underestimate the political will behind a single currency on the continent, he

If the government sought to halt the Emu process at the present intergovernmental conference, other nations would simply set up a new framework outside the existing EC treations.

sir Geoffrey concluded: "My suspicion is that when the time approaches [for Enro], the Brit-ish people and the British Parment will not wish to be left. behind once signin on the margins of Europe".

common por principal control of the control of the

Howe urges Major launches policies government to seize lead to revitalise education

By Andrew Adonis

THE prime minister yesterday launched a series of important reforms to the education sys-tem intended to promote a sharp increase in the number of 16-year-olds proceeding to further and higher education.

Hailing education as "an absolute top priority for the 1990s" Mr John Major, used the launch of the reforms as a platform to regain some of the political initiative and place the issue firmly on the general

election manifesto. An extended system of train-An extended system of training credits, a streamlining of vocational qualifications and the removal of post-16 colleges from local authority control are the main features of two white pepers (policy documents) issued yesterday. A separate white paper for Scotland proposes reforms to training and higher education systems similar to those planned for England and Wales.

England and Wales.
The country does not have the skilled or motivated work-force that it needs, Mr Major said. He added that e "determi-nation to break down the artifi-cial barrier which has for too long divided an academic edu-cation from a vocational one" lay at the heart of the reforms. The opposition Labour party responded by condemning the plans as failing either to reform or to broaden A-levels,

described by Mr Major as "the

benchmark of excellence". Mr Tony Blair, Labour's employment spokesman, said the proposals "simply perpetuate the irredeemable choice et 16 between the vocational and the academic, which lies at the heart of our problems".

The two policy documents for England and Wales – one on education and training, the other on higher education include proposals to: • Remove sixth-form, tertiary

and further education colleges, 576 in all, from local education authority control. From April 1998 colleges will be funded directly by the government, through new councils appointed by and responsible • Abolish the distinction

between universities and poly-technics, and establish a single

framework and funding coun-cil for higher education. Poly-technics will be able to call themselves universities. Offer every 16 and 17-year-old leaving full-time education a training credit. Credits are currently available to 10 per cent of school leavers; from April 1993 they will he extended "progressively", and will apply nationwide by the "end of the next parliament". Each credit represents a voucher entitling a young per-son to buy a training pronised National Vocational Qualification. • Introduce a streamlined and

enhanced system of vocational qualifications by the end of 1992, to be implemented by the National Council for Vocational Qualifications. • Introduce an advanced

diploms, to be awarded both to students taking A and AS lev-els and to those gaining voca-tional qualifications of the same standard. However, A-levels will remain unchanged: the diploma will be equivalent to two A-level

 Alter the school-leaving age to require all 16-year-olds to complete their GCSEs at the end of the summer term. · Allow schools to admit part-time and adult students to sixth-forms, and to accept training credits or to charge fees for them.

Mr Kenneth Clarke, the edu-cation secretary, told the Com-mons that the government had set the aim of "mass participa-tion in higher education, fur-ther education and training while maintaining and enhanc-tion measure high standard." ing present high standards".

He added that the government expected one in three of all 18-year-olds to be in higher education by the end of the

century. Editorial Comment and Analy-

cials had advised the manual

BRITAIN IN



Labour calls for scrapping of hard-Ecu

Mr John Smith, the opposition Labour party finance spokesman, urged the government to drop its plan government to drop its pie for a parallel European currency as he sought to emphasise his party's commitment to closer European integration. Mr Smith described the

government's plan for e "hard-Ecu" to compete with national currencies as "dead". sational currencies as "dead".
Setting out Labour's policy
towards European monetary
and economic union, Mr Smith
said it was refuctant to accept
a rigid timetable for the
creation of a single currency.
It would also insist that a European system of central banks was accountable to governments through the Council of Finance Ministers

Ruling on

Nissan dispute

The legal hattle between Nissan Motor, the Japanese car maker, and Nissan UK,

its UK distributor, over sales in Britain must be dealt with

by arbitration in Japan, Sir Nicolas Browne-Wilkinson,

application by Nissan Motor

for a stay on e High Court action launched by Nissan UK,

which had sought a declaration that a notice from

exclusive distribution in the

the vice-chancellor, ruled. Sir Nicolas granted an

the Japanese car maker terminating its rights to

UK was null and void. The judge will give full

coincided with an official

Sales volumes fall sharply

High street sales volumes registered the largest monthly fall last month since July 1979, following the March spending spree to beat the budget increases in Value Added Tax. The Central Statistical Office

announced that provisional retail sales volumes fell by 3.5 per cent between March and April, to take the annual rate 2.4 per cent lower than last year's levels.

While high street spending white high street spending remains very depressed, the CSO cautioned against extracting an underlying trend on the basis of two months. highly erratic figures. April's fall was widely predicted after the 3.6 per cent rise in March, when shoppers concentrated or brought forward purchases to avoid paying extra after VAT's rise to 17.5 per cent.

industry if proposals by the House of Commons home affairs committee are adopted. In recent years, bookles' contributions to racing had been "quite inadequate", according to the committee's chairman, Sir John Wheeler. In turn, the racing industry was sharply criticised for poor management and lack of commercial skills. At present, bookmakers contribute about £37m e year to the industry; the committee wants this humped up to £50m e year at 1991 prices, starting in 1992-93. ceremony to mark the roofing of its new £570m terminal. The terminal will open to

Racing presents financial burden to bookmakers

Britain's biggest bookmaking concerns will be forced to pay more money to the horse racing

passengers in April 1993.
The job losses are being made hy Swedish company FFV Aerotec, an aircraft engineering and maintenance company which has operated at the airport for two years. The firm, which has several aircraft service contracts, employs 325 people.

Bank loss may run to millions The losses at Wallace Smith Trust, the small London bank whose chairman was recently arrested for alleged fraud, may run into the "tens of millions of pounds", according to one of the provisional liquidators.

is owned by a family trust.

reasons for his decision later this week when he will rule Mr Tim Hayward of KPMG Peat Marwick McLintock said on an application by Nissan UK for an injunction to prevent the distribution deal being terminated pending the outcome of arbitration. it was too early to calculate a more precise figure because assets were still being traced. Mr Wallace Duncan Smith, the bank's chairman and joint me nank's chairman and joint managing director, is on ball of £250,000 after being arrested at the end of April and charged with fraudulent trading. Mr Smith is e Canadian citizen and the bank FFV Aerotec cuts 200 jobs The announcement of 200 job cuts at Manchester airport

Gambler falls at first hurdle

A man who gambled away on horse racing more than £3m fraudulently obtained from investors was jailed for four years. Mr Nicholas Young, former executive director of Clark Kenneth Leventhal, an international association of accountancy firms, pleaded

guilty to 11 charges including forgery and deception. While claiming to invest money in offshore trusts, he was actually spending it on e system of horse racing he believed he had perfected while attending Cambridge university in the 1960s.

London upgrade An effort to raise the quality of life for Londoners will form the centreplece of Labour's manifesto for the capital.

The opposition party outlined e plan for e new £160m orbital rail line usin updated existing track to take passenger and freight train traffic away from the centre of the city. The loop line would have bus and tube

Shipyard workers stay on strike

gramme leading to a recog-

By James Buxton, Scottish Correspondent

MANUAL workers et the Norwegian-owned Kvaerner Govan shipyard in Glasgow yesterday voted almost unani-mously to continue their 11-day strike. They insisted that the company withdraw dis-missal notices which it issued against the strikers last Friday. Management at the Scottish yard last week raised the

stakes in the dispute by telling the 1,600 strikers that it would only take back those workers who accepted a tougher package of pay and conditions than that which they narrowly rejected before the strike

It also said it would end an enhanced redundancy scheme which offered large pay-offs to

Approved the commencers

workers who left the yard. Kvaerner Govan said it believed the scheme gave an incentive to "destructive elements" to try "to force the company into a situation where large scale redundancies are unavoidable."

the workforce with the union officials, Previously the offi-

Mr Stemar Dragebo, manag-ing director at the yard, which builds gas carrying tankers, said the company would wel-come an opportunity to discuss the dispute with the unions. But no talks were planned. Mr John Carty, district secretary of the confederation of shipbuilding and engineering unions, said the company's action last Friday had united

workers to accept the terms the company was then offering but 59 per cent of the workers rejected them. One of the points at issue in an offer which involves pay

an offer which involves pay and working practices over e 21 month period is the company's wish to move from four to five nightshifts a week. It now wants the nightshift to start earlier in the day.

Mr Dragebo has said that despite the £25m investment Krasyrer has made in the for-

Kvaerner has made in the former British Shipbuilders yard, the company might have to consider walking eway from the yard. "It could be more expensive to go on losing money," he said.



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Increase in good vibrations

he arcane world of vibration technology is waking up to the "green effect" as users of heavy equipment begin to realise the importance of cleaning up

For IRD Mechanalysis the greeu dividend might be thought of more as a comment on the Cheshire hills close to its UK headquarters than as an influence on its business. But IRD, which in the 1950s

pioneered the technique of determining the condition of machines through vibration analysis, has noticed a growing awareness of the environment among clients over the past two or three years.

Jamie Lumsden, IRD's direc-

tor of European operations, says the trend is really a by-product of equipment users' continuing search for efficiency in increasingly competi-

All rotating machines vibrate, but the way they do so can often indicate that something is about to go wrong. This has underpinned IRD's predictive maintenance tech-nology, which aims to antici-pate faults that could lead to expensive shut-downs.

The concept is a sophisti-cated, objective descendant of the old "threepenny bit" test using a coin placed on its edge to check vibration. Early electronic sensors began an indus-try which has now gone through several generations of software, and IRD, a US company owned by Dobson Park Industries of tha UK, has grown to \$45m of annual sales.

The anvironmental spin-off for IRD has come in a number of ways. Predictive maintenance in industries such as power generation, pulp and paper manufacturing and pet-rochemical processing could forestall a machine failure which causes the release of oil and a potential environmental hazard. At the sams time, vibration technology is an end in itself because it provides an objective test of excessive

The environmental effect allows Lumsden to claim that IRD is "green, successful and northern" - a rare combina-tion, especially in a recession.

Andrew Baxter

ematech, the US gov-erument-supported semiconductor industry consortium, is prepar ing long-range plans beyond its original five-year charter. The industry group is expected to seek additional federal funding and to set ambitious new tech-

nology goals.

As Sematech lays plans for the future, however, industry members and the US government are assessing its accom-plishments to date.

Since its formation in 1987 Sematech has been controversial. The industry consortium represents a radical axperi-ment in US industrial collaboration and raises serious ques tions about the proper role of government in commercial research and development.

Collaboration did not come naturally to US semiconductor manufacturers. The industry's culture is deeply rooted in the sutrepreneural, go-it-alona spirit of Silicon Valley. It also went against tha grain for US chip makers to

seek government support. The same industry executives who lobbied for Sematech in 1987 had told a Congressional panel five years earlier that the gov-arnment should maintain an "arm's-length" relationship

with the chip industry.
Yet Sematech, a consortium of 14 leading US chip makers which gets half of its annual \$200m (£114m) funding from the US Defence Department's Advanced Research Projects Agency, stands as evidence of the radical changes that have been forced upon this industry of individualists.

Faced with mounting competition from Japan, which many saw as a threat of extinction, the top US chip makers banded together to develop advanced chip production processes which they hoped would enable the US semiconductor industry to regain world-leadership in chip manufacturing

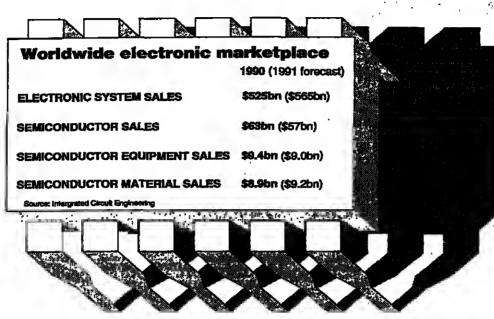
Over the past three years Sematech has modified its mis-Sematech has modified its mission. While it originally set ont to build a world-beating prototype semiconductor production plant, the consortium now aims "to provide the US semiconductor industry with the domestic capability for world leadership in manufacturing".

The switch of amphagis is The switch of emphasis is significant. Since 1989 Sema-tech has focused much of its attention, and budget, upon supporting US chip production equipment companies that

make tools for chip manufac-turing through joint technology development projects. Sematech has built the Sematech's role in the US semiconductor industry is again under scrutiny, writes Louise Kehoe dent of Intel This is Intel's primary reason for membership of Sematech, he says.

Tam more optimistic about

Loyal fans but mixed reviews



"world class semiconductor fabrication facility" that it promised, but this serves largely as a laboratory for testing new equipment — and as a showcase for visiting dignitaries. This week Prince Philip will have the opportunity to marvel at the gadgetry that makes the chips that power the computers that make the business world turn around. Prince Philip's tour guides

have plenty of experience.
They commonly explain to visiting congressmen and membars of President Bush's administration the vital role that semiconductor production tools play in building the foundation of the \$565bn world elec-

tronics industry.
Washington visitors also hear about the decline of the US semiconductor equipment industry, which dominated the world market 10 years ago but is now struggling against intense Japanese competition. While Sematech's research

and development programme is "on track and on time" according to a government review conducted last year, "the con-sortium's main benefits to

Americans are indirect. They include the economic and national security benefits that come from limiting the poten-tial for cartels in world memory chip production and in key segments of the semiconductor segments of the semiconductor manufacturing equipment and materials industry and the benefits likely to come from the continued operation of

'Sematech could meet its objectives and still not restore US semiconductor manufacturing leadership'

commercially vigorous US-basad manufacturing firms ready and able to exploit emerging technologies", the panel, chaired by John Betti, under secretary of defence for acquisitions, concluded. is that enough? Critics

among non-member semicon-ductor companies say that the consortium is little more than a federal subsidy for a select

few chip makers that will do nothing to solve the industry's problems. But they offer few

alternative proposals.

Among its members, Sematech's most important contribution is seen in terms of improved relationships between US chip makers and US manufacturers of semiconductor production equipment that enable them to jointly. develop more advanced and

reliable production tools.

Sematech has created an environment in which chipmakers work closely with equipment manufacturers to test new equipment and will-ingly share the results of these efforts with other members of the consortium. "It would have been unheard of for Intel engineers to coms over and talk about a new piece of equip-ment, but today it is common-place," says Charles Sporck, president of National Semicon-ductor and until recently the chairman of Sematech

"We believe that it is important for the US to have a via-ble, competitive process equip-ment industry," says Craig Barrett, executive vice presi-

the outlook for the US equip-ment industry than I was a couple of years ago," said Bar-rett. "They have made great strides in quality and the com-munications between the equipment and semiconductor producers have improved." Sematech has played a major role in this effort, he said.

Yet Sematech has not suc-ceeded in stemming the tide of Japanese competition in the semiconductor market, or the market for semiconductor production equipment. In both sectors US companies continue to lose ground.

"Sematech could meet all of

objectives and still not restore US semiconductor manufacturing leadership," the federal review panel concluded Sema-tech is not enough, industry executives acknowledge.

A new proposal, aimed at establishing US leadership in semiconductor production technology by the year 2000, was mooted last week by the National Advisory Committee on Semiconductors (NACS).

"The semiconductor industry is entering an era where no single company has the financial resources to develop all the manufacturing processes and equipment, and build the factories needed to process chips at the end of the decade," the committee said in an interim report.

Now the NACS faces the dif-

ficult problem of shaping a solution. In doing so it may recommend an expansion of Sematech's role. Alternatively, the NACS may seek the forma-tion of another consortium that will more directly address the goals that Sematech origi-nally set out to achieve,

Either approach would inevitably involve government fund-ing and renewed debate over the relationship between gov-ernment and commercial tech-

Sematech's most significant contribution to the future of the US semiconductor industry may have been to lay the groundwork for more ambitious collaborative projects in

the future.
US chipmakers are now far more willing to co-operate among themselves and even the Bush administration's staunch supporters of hands-off, laisser-faire industrial pol-lcy have come to recognise that government support for semiconductor technology development holds potential bauefits for the entire US industrial base.

The world tries to catch Fanuc

By Andrew Baxter

arket shares of 50 per cent or more have often proved to be a dangerous prelude to complacency in western manufacturing communication. ing companies - stifling technological innovation and encouraging an unhealthy atti-tude to long-term product development.
These days, however, the few

companies that can genuinely claim such worldwide dominance are unlikely to be sitting on their laurels, especially if they are Japanese. Many have reached that position by step-ping on to a treadmill where new products increase market share, add to pressure on com-petitions and finance the search petitors and finance the for further innovation.

Fanuc, the world's largest producer of computer numeri-cal control (CNC) units for machine tools, is a case in point. The Japanese company has about 70 per cent of its domestic market, and GE Fanuc Automation, its factory automation joint venture with General Electric of the US, has more than 50 per cent of the US market for CNC units (which use numerical commands to control the actions of machine tools such as drilling

and cutting).

The past 20 years have seen a constant search at Fanuc for controls that can give machine tools greater speed and accu-racy, with Seinemon Inaba, the company's founder and presi-dent, continuing to provide inspiration for 600 research and development staff — a third of the workforce.

In the circumstances it is hard for Fanuc to let up on the pace of development. In spite of its dominant position, estimated at more than 50 per cent of the CNC market worldwide, there are still technical chal-

lenges to overcome.
This was emphasised last This was emphasised last week in a co-ordinated world-wide announcement by GE Fanuc, a four-year old joint venture which operates in most of the world and combines GE's programmable controllers and factory automation software with Fanuc's CNC, motors and drives.

Two new developments low-cost computer control and the application of reduced instruction set computing (Risc) processors on its top of



TECHNICALLY SPEAKING

the-range control system will add to the pressure on GE. Fanuc's rivals to compete technologically.

GE Fanuc hopes the new products will further a key aim of increasing its European market share. Stamens atill

market share. Stamens still retains leadership of the European market for CNC units, but is being pressed hard by the US/Japanese venture.

According to a study of the EC machine tool sector last year by W.S. Atkins, the UK management consultants, European companies have worked hard over the past decade to catch up with the

Japanese in the electronic capability of machine tools.
But generally, it says, Fanuc, and to a lesser extent Mitsubishi, have been able to retain their technological advantage due to economies of scale, being further down "the expe-rience curve" and high levels of investment in R&D.

That advantage could now be extended. GE Fanuc is claiming a world first for the application of a 64-bit Risc processor as an option on its Series 15 machines, Faster execution of instructions and greater sophistication eliminate "servo lag", the dif-ference between the commanded and the actual path of tha tool through the work. The Series 18 is for simpler

applications, such as control-ling robots that load and family of GE Fanue controls and has a narrow-profile dis-play unit which, says Avrell, "is far beyond anything that's around at the moment".

Competitors will be able to make their own minds up

about that next month in Paris when the Series 18 makes its debut at the 9th EMO machine tool exhibition.

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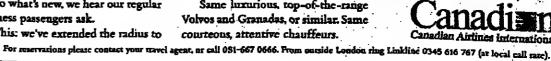
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MAN OF THE PARTY O

THE GOOD LUCK House of Lords (Lord Bridge of Harwich, Lord Brandon of Oakbrook, Lord Oliver of Aylmerton, Lord Goff of Chieveley and Lord Lowry): May 16 1991

Marie House

A SHIP'S entry into a prohibited war zone in breach of war-ranty under its insurance contract automatically brings the contract to an end so that the insurance cover ceases, Accordingly, where the insurers warrant to mortgagees that they will advise them 1 more they will advise them promptly if cover ceases, they must do so as soon as they know of the prohibited entry, and do not have an option to wait until they have decided to reject the shipowner's claim for loss in the way rough. for loss in the war zone. ...

> The House of Lords so held when allowing an appeal by the plaintiff, the Bank of Nova Scotia, from a Court of Appeal judgment reversing Mr Justice Hobhouse's decision that the defendant club, the Hellenic Mutual War Risk Association Ltd, was liable to the bank in damages for breach of warranty.

LORD GOFF said that the club was a shipowners' mutual insurance association. It provided protection to Greek shipowers against war risks. It was based in Bermuda and its managers were Thomas R Miller & Son (Bermuda) Ltd.

The insurance provided by the club was governed by its Rules. Rule 20 gave directors power to specify certain places as additional premium areas. If a ship proceeded to such an area the owner continued to be insured, but was bound to pay an additional premium. During the relevant period the most important additional premium area was the Arabian Gulf.

Rule 25 gave the directors power to prohibit members from going to any "port, place, country, zone or area". Rule 25c provided that "every insurance...shall contain a war-ranty by the owner that all...prohibitions...shall be acted upon".
Prohibited zones were zones

of such extreme danger that it was not considered acceptable that vessels should be covered at all

In September 1980 the club declared the Shatt Al Arab and Khor Musa a prohibited zone, and the approaches to those places at the Northern end of the Gulf which were directly FT LAW REPORTS

Bank succeeds on war zone claim affected by hostilities between Good Faith made a fraudu-

Among club members in 1980 was the Good Faith group. In 1980 and 1981 its reputation was very good. At the end of 1981 it had 38 vessels. Money had been advanced to the group by various banks. The largest advances had been made by the plaintiff bank.

The primary security con-sisted of mortgages on the ves-sels, under which the borrower was left in possession so long as he did not default. He under took to insure the vessels, and the insurances were assigned to the bank. In addition the bank took out a mortgagee's

The borrower having exe-cuted a specific assignment of the insurances on the vessel, the bank then gave notice of assignment to the insurer. A loss payable clause was endorsed on the relevant insur-ance document, and a letter of undertaking was given by the insurer to the bank.

With regard to the Good Luck, the club, by the letter of undertaking, confirmed that the Good Luck was "entered in this association in accordance with the rules for war risk insurance", and undertook to hold the war risks policy to the bank's order.

By paragraph 3 of the letter it undertook "to advise you promptly if the association ceases to insure as aforesaid". The Good Faith group was in the practice of chartering ves-sels to Iranian charterers and sending them into the Gulf. Those voyages took the vessels into the additional premium area and, when they went into Randar Khomeini, into the pro-

bibited area. Good Faith did this without notifying the club and without

informing the bank. Millers discovered what was going on in the autumn of 1981. Neither the club nor Millers informed the bank.

In April 1982 Good Faith started to renegotiate its loans with the bank. The bank was aware that mortgaged vessels were trading into the Gulf, but was not aware that they were doing so uninsured. It did not check the position with the club or Millers:

On April 7 1982 Good Faith chartered Good Luck to Iranian charterers. On June 6, while proceeding up the Khor Musa to Bandar Khomeinel, she was hit by an Iraqi missile and was ultimately declared a total loss.

Contraction of the second of t

lent claim on the club, pretending it had given advance declaration of entry into the additional premium area and that it was ignorant of prohibited areas.

Millers were aware of the probability of fraud and that because the vessel was in a prohibited zone, the club would not be legally liable to meet the claim.

The bank completed renegotiating the refinancing agreement, and in the second half of July it permitted Good Faith to draw down an additional \$2.6m for working capital. On August 4 the club

rejected Good Faith's claim for indemnity in respect of Good Luck, on the grounds that she was in a prohibited area, and was in an additional premium area without prior notification. At no time before August 5 1982 did Millers or the club dis-close to the bank what they knew about the defects in the claim made on the club, or any other aspect of Good Faith's

The bank claimed damages from the club for, inter alia. breach of the letter of undertaking. Mr Justice Hobhouse held the club liabla in dam-ages. The Court of Appeal reversed his decision. The

bank now appealed.

Mr Justice Hobbouse conchided that the strong proba-bility was that if the bank had been told by Millers that at the time of the casualty Good Luck was in a prohibited area and was not covered for war risks, the whole matter of including her in the security would have been handled differently. He was satisfied that the

strong probability was that any value attached to Good Luck would have been put on one side until the situation had been clarified, and that no draw down in respect of working capital would have been

The judge considered that a wide and husinesslike interpretation should be given to para-graph 3 of the letter of undertaking, the purpose of which was to enable the bank fully to protect its rights and security, including evaluation of its security for the past and the

Ha beld that entry into a prohibited zone contrary to rule 25 required the club to notify the bank under paragraph 3 of the letter of under-taking. Once a vessel entered into a prohibited zone she was.

in ordinary business terminology and in truth, uninsured, and accordingly the club had ceased to insure her within the

meaning of paragraph 8.

The Court of Appeal did not agree that entry into a prohibited zone, though breach of warranty under rule 25c, had the automatic effect of bring-ing the insurance contract to an end. They said the breach entitled the club to treat the contract as at an end if it chose, and that it did not cease to insure the ship until had decided whether it would treat the breach as bringing the contract to an end.

They supported that reason-ing by analysis of section 33 of the Marine Insurance Act 1906. Their analysis was not correct. Section 33(3) provided that a promissory warranty, by which the assured undertook that some particular thing should be done, was "a condition which must be complied

with ... If it be not so complied with then, subject to any express provision in the policy. the insurer is discharged from liability as from the date of the breach of warranty". The words were clear. They showed that discharge of the insurer from liability was auto-

matic, and was not dependent on any decision by the insurer insurance as at an end. Mr Instice Hobbouse's

approach was consistent with the plain meaning of section 33(3). The insurer, as the Act provided, was discharged from liability as from the date of the breach, so that be thereupon had a good defence to a claim by the assured.
As to his construction of

paragraph 3 the judge's reasoning and conclusion were correct. Once a vessel entered into a prohibited area she was, in ordinary husiness terminology and in truth, uninsured and so the club had ceased to insure her within the meaning or paragraph 3. Once the Court of Appeal's construction of section 33 of the Act was rejected there was no answer to his

approach.
The appeal was allowed. Their Lordships agreed. For the bank: Jonathan Mance QC, Julian Flaux and Stephen Kenny (Constant &

For the club: Stewart Boyd QC, Jonathan Gilman QC and David Bailey (Herbert Smith). Rachel Davies

Barrister

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LEGAL NOTICES

NOTICE OF MEETING OF CREDITORS ALPHAS SIRIUS LIMITED

NOTICE IS HEREBY CIVEN pursuant to Bec not like as resulter turver paraulari to isse-tion 96 of the Insulveroy Act 1998, that a resetting of the Craditions of the above named Company with be half at The National Molor-cycle Manaum, Coventry Road, Bickachill, Solikuli, West Midfands, BEZ DEJ on the 30th day of May 1991 at 11.30 o'ciock, in the forencon, for the purposes mentioned to Sec-tions 92. 100 and 101 of the said Act, A list of the names and addresses of the Company. Bons W. 100 and 101 of the said Act, A list of the names and addresses of the Company's creditors will be evallable for inspection, inse of charge, on the two business days falling next before the Meeting, at Cantra City Tower, 7 Hill Street, Birmingham BS 4UU.

Desed this 13th day of May 1901 BY ORDER OF THE BOARD

G N CROUCH DIRECTOR

GLENFIELD ENTERPRISES LIMITED T/A HYPERION TRAVEL

Notice is hersby given, pursuant to Section 56 of the Insorvancy Act 1986, that a Meeting of Craditors of the above named company will be held at 3rd Floor South, Transpon-House, 198-183 Great Portland Street, London WIN SPD, on Wednesday 25 May, 1981 at 12 noon, for the purposes mentioned in Sections 99, 100 and 101 of the suid Act, A flat of names and addresses of the company's craditors will be aveilable for inspection, tree of charge, in the address of the meeting as above on the two business days before the date of the meeting.

Dated this 10th day of May 1991. By order of The Board, K.F. Hornby (Mrs.), Director.

MCT REALISATIONS LIMITED (IN RECEIVERSHIP) (FORMERLY MONARCH CARS (TAMWORTH) LIMITED)

NOTICE IS HEREBY GIVEN, pursuent to the Inselvency Act 1986, that a MEETING of the CREDITOR'S of the above named company will be held at 43 Temple Row, Birmingham on 8 Juste 1991 at 11.00 em for the purposes of having laid beform it the report prepared by the Administrative Receivar on accor-dance with the said section and, if thought M, appointing a Committee,

Creditors whose claims are wholly secured at a not entitled to attend or vote at the meeting. Creditors who are partly secured may only vote in respect of the betance of the amount due to there after deducting the vittue of the security, as estimated by them A creditor in respect of a debt due on, or secured by, a bill of eschange or promisery note must beat the liability of any person who is Eable on the bill sintecendently to the company as a security held by him (unless that other person is subject to a bankruptcy order or in liquidation)

Craditors withing to vote at the meeting must lodge e written statement of their claims with me at Cork (authy, 43 Temple Row, Birmingham, B2 SJT no later than 12 mon on 4 June 1991, Forms of proxy which, it intended to be used, must also be lodged with as by that time

DATED this 15 day of May 1991 J.F. Powell Administrative Receiver

CLUBS

EVE has outlived others due to policy of tair play and value for resemp. Supper from 10-330 am. Glamorous hosseses, excling paramet. 150 Regent St., W1.071-734 0357

LEGAL NOTICES

COMPAGNIE DE SAINT-GOBAIN Public Company with a capital of

F e.522,662.500.-Registered Office : "Les Miroirs" 18, Avenue d'Alsace 92400 COURBEVOIE

R C S NANTERRE B 542 039 532 PARTICIPATING STOCK APRIL 1984 OF ECU 1000 EACH

As the general Meeting provided on May 15, 1901 for the participa of ECU 1.000 Issued in April 1984 by SAINT-GOBAIN, could not deliberate missing the quorum, the participati stock owners are again convened by the board of directors in general Meeting as of May 29, 1991, at 11:30 at the registe office of the Company, "Les Mirois" 18 Avenue d'Alsace in COURBEVOIE (92400). This meeting will enect on the

BOARD OF DIRECTORS' REPORT OF THE COMPANY'S OPERATIONS FOR

FINANCIAL YEAR 1900, AUDITORS' REPORT ON FINANCIAL YEAR 1940 ACCOUNTS AND

FOUND THE INCOME OF THE MASSE

ENTITLED REPRESENTATIVES. POWERS FOR FORMALITIES

To strend the meeting the particip k corners will have to provide a block lavit leased by the studies and in ord to appoint a deputy to the meeting they will have to add a proxy to this allidavit.

The deposit effected and the power sent for the meeting of May 15, 1991 still available THE BOARD OF DIRECTORS

YARDAYTH LIMITED IN RECEIVERSHIP

NOTICE IS HEREBY GIVEN, pursuant to Section 48 of the Insolvency Act 1986, that a AMERING of the CREDITORS of the above rened company will be held at 43 Temple Row, Birminghan on 5 June 1991 at 19.30 am for the Burpones or having test before is the report prepared by the soministrative Receiver in econdamous with the said section and, if thought fit, appointing Committee.

Creditors whose claims are wholly secured are not entated to attend or write at the meeting Creditors who are purity secured may only vote in respect of the balence of the amount due to them after deducting the value of the security, as colimated by them. A creditor in respect of a debt due on, or secured by, a off of exchange or promissory note must treat the liability of any person who to liable on the bill arteculentity to the company as a security hald by him junises.

Creditors wishing to vote to the meeting must lodge a writtee stalement of their claims with me at COTA Dully, 42 Temple Row, Birmingham, 82 SJT no leave treen 12 noon on 4 June 1991. Forms of provy which, if intended to be used, must also be lodged

BATED this 15 day of May 1991

J. F. Powell Administrative Receiver

PERSONAL

003438 of 1981 IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION MR. JUSTICE MERVYN DAVIES IN THE MATTER OF STRONG & FISHER (HOLDINGS) PLC

IN THE MATTER OF THE COMPANIES ACT ACUPRIASMENT

NOTICE IS HEREBY GIVEN that the Order of NOTICE IS MEREBY GIVEN that the Order of the High Court of Justice, Chancery Division dated the 13th May 1981 confirming the reduction of the authorised ordinary chare capital of the Company from 125,345,000 in 126,378,000 and the cancellation of the amount of 122,390,004 \$1 standing to the credit of the share premium account of Ra Company and the minute approved by the Court showing with respect to the share capital of the Company as affected the share capital of the Company as affected the security of the company of the Company of the Company of the Companies on the 16th May 1991.

Dated the 17 day of May 1981. Staughter and May, (RUI) 35 Basinghall Street, London EG2V 508

Solicitors for the sald Company

COMPANY NOTICES

COMMERCIAL BANK

OF LONDON PLC Heldere of Shere Warrants to Boarer are informed that they will receive payment of the dividend for 1930 of 32.5p per shere on and after 21st May, 1991 upon presentation of the Share Warrant, together with a the share warrant, together with a statement of their nems and address, of the office of the Bank, Banksade House, 107-112, Leadenhell Street, Lendon ECSA 4AE. Shere Warrants much be left at the Bank for three clear days.

Bankside House, 107-112. Leadenhall Street, London EC3A 4AE

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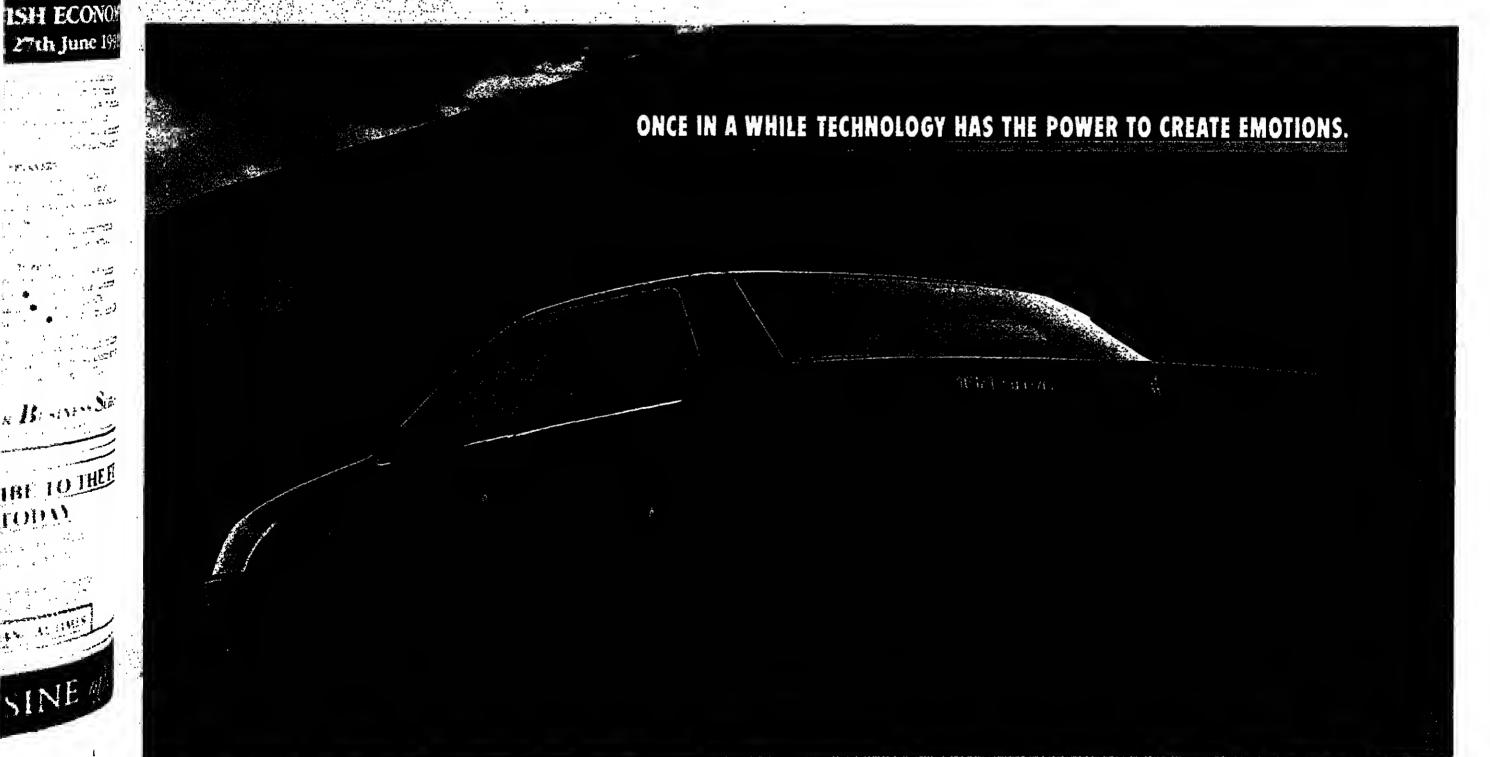
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sporty motoring. It is evident in the whole range of engines: from the brillians elasticity of the opposed cylinders of the Boxer to the classic architecture of the V6; from the

MANAGEMENT: The Growing Business

In search of successful succession

By Charles Batchelor

A SIZEABLE family-owned dressmaking business flourished under its dynamic founder but was forced into liquidation when he failed to look for a successor in time. Because his own children were too young to take on the business, the founder brought in

his nephew, a barrister. The founder died shortly afterwards and the nephew soon found himself out of his depth. He resisted family pres-sure to sell because he would not have benefited and several years later took the company into involuntary liquidation.

This example of one of the

key problems facing the family-owned business is cited by Peter Leach, a partner of accountants Stoy Hayward, in e new study* of the subject. Clinging to family control is not always to the advantage of the business which may in the long-term benefit from bringing in professional managers. As Leach's book makas

clear, understanding the prob-lems of the family business requires psychological insights as much as commercial exper tise. The business may bring the family closer together but it can also serve as a catalyst for its destruction.

For example, a father may consciously want to ease his son's entry into the business while subconsciously proving mable to relinquish control of his greatest source of personal fulfilment. Tha son, for his part, needs to establish his independence but is made to feel that his own future prospects and the debt he owes to his father require him to go along with his father'e wishes.

A first step towards manag-ing this problem is for the family to realise that this is not a conflict which is unique to them but that these basic rival-ries affect most of the human erations may be catered for by establishing e division or a new subsidiary over which the son has autonomy.

Serious conflicts may require a nentral third party to be called in. Ha should listen to both sides, preside over a dis-cussion between father and son and then help draw up a plan to resolve the dispute.

The Family Business. Published by Kogan Page. 186 pages. £12.95.

it in the offices of a handful of small com-panies in Wales and you will be struck by the number of plaques and tro-phies on display. Closer inspec-tion of the contents of the gilt frames reveals a common feature. All have been awarded for good performance by one of

nese companies to set up in the Hugh Smith, director of the packaging and mouldings activities of Otford Group, based at Abercarn, near New port, boasts a particularly impressive collection from companies such as Sony, Sharp

the growing number of Japa-

and NEC Looking to diversify out of its original business of manufacturing expanded polystyrene packaging, Otford has in the space of just three years created a £10m-turnover division supplying moulded plastic television cabinets to Sony and

Hitachi. The commemorative plaques and the contracts which underpin them are signs of the grow-ing role which Japanese manu-facturers are playing in the UK and the South Wales economy. They also demonstrate that small and medium-sized busi-nesses can meet the tough conditions which the Japanese

expect of their suppliers.*

Japanese customers eccount for no less than 70 per cent of the £17m turnover of Otford's South Wales manufacturing operations. Otford, a privately

owned company, employs 250 people in manufacturing. "In 1980 the packaging business was on the hrink of disaster," recalls Smith. "We needed hasiness and the Japanese were there. Something told me they had a long-term future."

After a slow start, business picked up sharply following a visit from one of the Japanese visit from one of the Japanese company's engineers, Smith explains. The engineer was apparently impressed by the investment that Otford had made in new machinery. "They saw that as e sign of vision," he says. "They look at the attitudes of management."

The Japanese may start from this impressionistic approach to suppliers but they then go on to a detailed review of the husiness and a painstaking assessment of product and pro-duction quality. Meirion Thomas, an executive director of the Welsh Development Agency, estimates that, unfortunately, just 10 per cent of the 6,000 small and medium-sized companies in Wales are capable of meeting the quality standards demanded by Japanese or other large multinationals.

Supplying the Japanese

Painstaking assessment of production quality

Charles Batchelor on a close but informal relationship



which way they are going. It gives you confidence."

But before a supplier can achieve this degree of close-ness with his customer he

must satisfy him that he can meet exacting quality stan-dards. McLay, which employs 89 people and makes sales of

£4m, is required to achieve a

One recent monthly quality report which came hack showed he had reached 114

faults. "We got our knuckles rapped," says Vaughan. The faulty manual will be

returned so that McLay can remedy the problem. "Thay

target of fewer than 50 "faulty

manuals per million.

Ken Vaughan: 'They tell you which way they are going. It gives you confidence'

Alongside its long-running campaign to attract overseas companies to Wales, the agency is now devoting effort to helping local companies improve standards so that they can hecome suppliers to the incomers.

"Second and third-tier Japanese companies are now looking to locate here," says Thomas. "Some of them are already suppliers to the large companies or are part of the same group. If Welsh compa-nies don't get their act together quickly the Japanese will bring in their own suppli-

Individual Japanese compa-nies diffar in their approach depending on their own corpo-rate culture and the length of time they have been based in the UK but there are sufficient similarities to draw lessons for smaller UK companies attempting to become suppliers.

Close attention to detail often goes hand in hand with a startling degree of informality. UK companies frequently find that they have committed themselves to snhstantial investments on the basis of verbal promises of business to ome their way.
Otford invested £1.5m. in

plastic moulding equipment with no written guarantee of

orders from Sony. Once a supplier has estab don't just demand quality; they give us the tools to do some-thing about it," says Vaughan. lished a reputation with e Jap-anese customer, though, the The regular reports from anese customer, though, the Japanese are prepared to reveal their budgets and plans to allow the supplier to plan his production schedules. Ken Vaughan (pictured), managing director of A McLay & Co, a Cardiff-hased printer of instruction manuals for Sony, gots advence warning of Sony's Sony give McLay an overall rating out of 13 and provide a league table to show how the company compares with other suppliers (though the names of

the other companies are blanked out). blanked out).

The Japanese work to their own quality programme, frequently described as "zero defects" and show no interest in BS5750, the main UK quality standard. "We have BS5750 but, gets advance warning of Sony's production plans. When you huild up trust they will give you information on, for example, how many components they will be mann-facturing over the next year," says Vaughan. "They tell you the Japanese don't recognise it," says Les Porter, sales manager of Harlow Pressings, a Cwmbran-based company with

38 employees and £1.6m of But quality involves not just meeting demanding standards for the components supplied, it also requires the supplier to meet precise just in time deliv-ery schedules. Otford, for example, makes four daily deliveries to Sony.

As Japanese manufacturers have increased the production volumes of their UK factories the timing of deliveries has become even more important and places even tougher demands on their suppliers. Radun Controls, a Cardiffbased supplier of TV remote

control units with \$1.3m of In brief... sales, currently works to a three-to-five day delivery cycle but expects to move to a 24-hour cycle eventually.

One result of these close links between supplier and costomer is that it becomes difficult, particularly for a small company, to work for more than one or two customers. "They are so demanding; there would inevitably be a conflict of interest in a company of our size," says McLay's Ken Vaughan. "There would be an extra order and you would

And while there are advantages for the small company in working so closely with a large customer — Radun has received help with training and in sorting out production prob-lems while Otford was assisted by Sony to develop its plastic moulding technology - there are also potential disadvan-

have to let someone down."

"You sometimes feel they make so many demands that it is getting too much," says one UE manager. "We are in dan-ger of being swallowed up. They sometimes forget that you are not part of their company."

"Too much dependence is

dangerous," warn Peter Good-all and Max Munday of Cardiff Business School. Despite the generally good record of Japagenerally good record of Japanese companies in treating their UK suppliers, the academics point out that it is not unknown for large companies to exploit their dominance of small suppliers. A particular worty for the Welsh is that the Japanese might decide to move their operations closer to the heart of the European market.

Another development, which Another development which Another development which is starting to concarn some people is the request by some Japanaee companies for detailed accounting information to enable them to isolate and, where possible, reduce manufacturing costs. "We have been asked for this information," says Harlow Pressings' Les Porter, "Some companies give all the information and suffer. We provide a limited break-down at our discretion.

In the main, though, the small suppliers welcome being treated as partners by the Jap-anese. The sense of unease that some small companies feel may reflect their past experience of adversarial supplier-customer relationships rather than the presant reality. For tha moment at least there are many suppliers who are only too happy with the commemo-rative plagnes which adorn

*See this page, May 17.

Stung by criticisms that they do not understand their small business customers, the hanks have been beefing up the training they provide their

managers.
The latest bank to improve training is National Westminster which has linked up with Durham University Buziness School (DUBS). DUBS will provide five day

residential courses to nearly 200 NatWest managers this year with emphasis on managers from branches with a high concentration of small

The course will concentrate on the non-financial aspects of a small business including the character of the entrepreneur and the business's overall aims and objectives.

More young people are wanting to run their own business, to judge by the level of applications to take part in Livewire, a privately-sponsored programme which provides advice to 16-25 year olds who

self-employment.
Livewire sent out business planning packs to more than 5,000 people in 1990, an increase of 45 per cent on the year before, while the start-up awards scheme considered 750 business plans from more than 900 people who were considering going into husiness or whose business had been going for less than one year.

one year. More than 300 entrants shared in £150,000 worth of prizes at a local, regional or

national level.
Ominously, the number of applicants who were appucams who were unemployed increased for the first time in four years. The proportion of manufacturing business-based ideas fell from 18 to 15 per cent while retail business proposals rose from 18 to 10 per cent while retain business proposals rose from 20 to 23 per cent. Service sector businesses accounted for 62 per cent of ideas. Contact Liveuire, 60 Grainger

Street, Newcastle upon Tyne, NE1 5JG. Tel 091-261 5584. Companies which need frequent reports on the financial health of other businesses usually sign a subscription agreement with one of the many business information and credit

reference organisations. But

for the company which only needs the occasional report

Dun & Bradstreet

International has launched a one-off service called

Reportline. Reports ou individual UK companies cost £47. Most continental European reports are priced at £70 while North American reports cost 290. Contact Roy Alabaster, Dan & Bradstreet, Holmers Farm Way, High Wycombe, Bucks HP12 4ULL. Tel 0494 422000

MA compendium of government successes in reducing red tape would, in the view of many businesses and women, be only a slim volume. The seemingly inexorable growth in the governing business appears to mock official attempts to

reduce red tape. Undamnted, the Departm of Trade and Industry, has produced a 28-page booklet* listing some of its recent successes in cutting back

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bureaucracy.
They range from the simplification of VAT procedures for imports to the introduction of competition - and the reduction of costs - to the vetting of National

Health Service suppliers.

More important than past successes is a list of contact numbers of the deregulation sections in 18 government departments, including the Inland Revenue and Customs and Excise. If your business plans are

being held back by heing held back by government requirements then take up the matter with the department concerned, the DTI urges.

Cutting Red Tape For Business, Available from DTL Deregulation Unit, 1-19 Victoria Street, London SW1H GET. Tel-071-215 4578|4567. Free.

I Jim Wallace, MP for Orkney and Shetland and Liberal Democratic spokesman on small businesses, has been named politician of the year in a small business awards scheme, the Guildhall Helping Hands Awards, for his

campaigning activities.
Winner of the special award
for services to small business
was Chrissie Webber of CD Consultants. Webber launched and runs the women's enterprise centre of West organ Enterprise Trust: The awards are made by the National Federation of Self Employed and Small Businesses and Tollit & Harvey, a statio turer.

Over 200 Luxury Hotels worlowing. Evenes Ansterdam - Athens - Bremen - Frankfort - Hamburg London Monich Ports - Vienne Warsow Mindle East - Ammon - Coles - Jeddah - Riyadh - Fax East - Hong Kong

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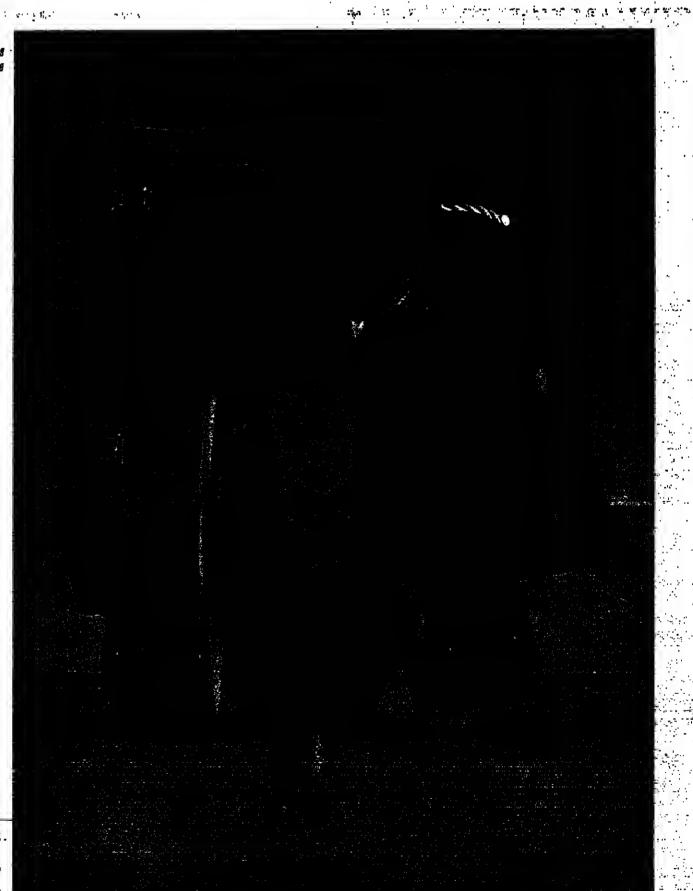


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Knobs & Knockers

The Joint Administrative Receivers, N. R. Lyle and D. L. Morgan

invite offers for the business and assets of this long established

☐ Quality ranges of home accessories, typically made of brass.

☐ Well equipped office and warehouse accommodation comprising

For further information please contact Jamie Smith, Sandy Brown or

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business

retailer. The main features of the business are:

51 prime High Street locations and franchises.

Friary Court, 65 Crutched Friars, London EC3N 2NP.

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(In Creditors' Voluntary Liquidation)

The Joint Liquidators, J.K.R. Jones and A.M. Menzies invite funders for the assets of the

machining centres division, formerly known as Wadkin Machining Centres.

Tender documents (including conditions of the tender offer) can be obtained

from Andrew Menzies or Ken Jones

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Centre City Tower, 7 Hill Street, Birminghom B5 4UU Telephone: 021-843 1936, Fox: 021-843 4993

Mochine drawings and relevant interface logic software.

9 concessions within department stores.

☐ Trained and experienced workforce.

Tel: 071 936 3000. Fax: 071 480 6881.

Paul Wills at the address below.

☐ Well established nationwide presence.

☐ Annual turnover of £7.5m.

18,000 square feet.

The assets for sale comprise:- 16 machining centres in work in progress.

BUSINESS OPPORTUNITIES

INVESTMENT OPPORTUNITY TO PURCHASE U.K. RESIDENTIAL PROPERTIES
AT APPROXIMATELY 50% BELOW CURRENT MARKET VALUE We have hundreds of elderly homeowners wishing to sell their property in setum for a life time rent free tenancy.

This opportunity would interest investor/investors with £1 million or more to invest.

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Write Box H\$125, Financial Times, One Southwark Bridge, LONDON, SEI 9HL

BUSINESS WANTED

WANTED - FOR CASH Manufacturer of Aluminium and UPVC windows, patio doors and low rise curtain walling.

Turnover must be in excess of £5m. Write Box H8637 Financial Times, One Southwark Bridge, London SE1 9HL

Electronics Business Required by Investor

Do you wish to sell your electronics manufacturing business? We have a client interested in acquiring a small/medium sized company with design manufacturing capability. Fax outline to: 0223 837426

BUSINESS WANTED

WANTED INJECTION MOULDING COMPANY

Apply For Further Details To: PENN PLASTICS LIMITED, Tweedbank Industrial Estate, GALASHIELS, TD1 38S. Tel No: 0896 3458, Fax 0896 2690.

ESTABLISHED BUSINESS GIFT COMPANY seeks a marketing or moonfe namy with relevant products

Replies to: The Managing Director Impakt Stationers Lad 7/9 Heathmans Road London SW6 4TP

WANTED: Midlands/South Yorks Eng. Co. OWN PRODUCT Turnover £1-2 Million

Write to: Box H8640, Financia London SEt 9HL

QUOTED BUSINESS REQUIRED

to South of England. Cost £10m-Deal by each injection for 29.9% unagament courted, or hill offer-sleng above 29.9%. Principals are used businessmen with strong donal backing. All types of busi-considered but suckeys could see

Business Wanted

Precision Engineering ... Mid Wales Write Box H8626. Financial Times. One Southwark Bridge. London SE1 9HL

WANTED

Courier/Despatch companies. Reply with details to Box No: H8613 Financial Tin London SE1 9HL

HOTELS & LICENSED PREMISES

On the instructions of Barclays Property Holdings

boh 220/238 GOLDHAWK ROAD, LONDON W12

Purpose built residential hostel accommodation constructed about 16 years ago for Barclays Bank plc and now surplus to requirements

Suitable for continued bostel use or for botel or residential development. 175 bedrooms with 279 beds. 5 flats. Bar. Dining room for about 100. Lounge for up to 100 and capable of division into three. 2 study rooms. Large games room. Sick bay. Site area about 1.6 acres. Car parking for 28.

OFFERS INVITED SUBJECT TO CONTRACT FOR FAVOURABLE 89 YEAR LEASE AND CONTENTS



HOTEL FOR SALE -LONDON WI

17 Double Bedrooms 190% occupancy for 3 years. Occupied by Local Connella. Net Profit £60,000 p.a. Leaschold. Central Heating. Fire Alarm: Lift. Superb-Jondition and excellently run. Sale price £200,000.00. Will consider £150,000,00 STS.

PUB COMPANIES AND OPERATORS

Day to day Estate management evaluable to Public House Companies on an emergency or continuing basis. Specialist action to the effects of the MANC. Report and on the Purchase / Sales / Expansion Planning of Public Houses - Single Units or Groups.

Contact J. Welsh C.M. Group Tel (0723) 882210 Fax (0723) 366675 Tel: 071 221 3024 Mr Richardso

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AMERICAN HI-TECH COMPANY **CLOSES LONDON H.Q.** 12 Executive Offices all in Santos Rosewood

192 Single and Double Pedestal Light Oak Desks

Conference Rooms

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Magnificent Leather Seating Reception Area Suite. Tel: 081 549 9339

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Size: 610 x 4'2" overall R.R.P. £12,000 Offered at £6,000

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Public Company Receivership Sale Victorian Light Cale 148 x 48 6" (contracts to 68 x 48 8") Cutch Sale 2770 (trade value) including 12 chairs Call 0844 54381



Quadrant: 071-731 2334 BRITISH TELECOM MONARCH

SE400 (VI6) telephon: system configured: 36 exchange lives, 336 exceades, with 2 consider. Configured: 56 Exchange lives, 336 exceades, with 2 consoles. Configuration can be altered to suit requirements healthfules and maintenance cuts be arranged offers invited.

Telephone: 071-371 5889.

1 IBM Dealership PS2 & RISC 6000 VAR

2 Computer Maintenance company

White to Box HS678, Financial Times ne Southwest Bridge, London 351 SHL

FLAVOURS & FRAGRANCE BUSINESS FOR SALE This company, based in the South of England since 1972, is no loncer a good fit in the Group, mainly due to alze and product range. It would be very useful to an existing industrial flavour and essence business as an ideal bolton. The sele includes the long-standing customer list with good record of payment. Stock at cost, equipment together with formulae and customer records. This business has an annual turnover of approximately £250,000 and maintains a gross margin in excess of 50%.

FOR SALE

ELECTRONIC

COMPONENTS

COMPANY

A well established business supplying the professional, industrial and defence markets. The company both imports and manufacturers passive electronic

Interested parties should write for further information to:

TRAVEL AGENCY

FOR SALE - South Humberside

£1.2 million Turnover

Excellent staff includes Manageress and

Accounts Clerk. Profitable balance sheet.

Reason for sale owner retirement.

Price £120,000 Write Box No: H8624 Financial Times, One

Southwark Bridge, London SE1 9HL

Box H7994, Financial Times, One Southwark Bridge, London SE1 9HL

components. Turnover is in excess of £4 million.

Principale enty need apply.
Write Box No: H8644 Financial Times, One Southwark Bridge, London SE1 SHL

MERGER, ACQUISITION AND/ OR DISPOSAL Medium sized Mannfacturers and Installers of Architectural Aluminium Products with FULL ORDER BOOK interested in expanding current operations to cope with excess sales. Anyone interested in possible merger, acquisition and / or disposal of related companies or operations

. Boz H8611, Financial Times, One Southwark Bodge, London SEI 9HL

FOR SALE Group of

Companies Wishes to Dispose of non **Core Businesses**

FOR SALE

Computer maintenance company. Secure ongoing contracts mainly inside M25.

Principals only please apply Write Box H2579, Financial Times, One Southwark Bridge, LONDON, SEI 9HL

UNUSUAL OPPORTUNITY A division of a company for sale as an ongoing concern, as main

company expanding in other directions.

The division available comprises 15 retail shops selling greetings cards and gifts, locating to Northwest, presently managed by one branch supervisor and overseen by one part-time director. Included are prime position leases, 2 freeholds, fixtures etc and stock in all branches. Very simple but efficient ordering system and control resulting in lowest costs and high gross profit.

Overheads are minimal as no warehouse or transport except supervisors car. The whole division can easily be run by a purchaser allocating a small office and one senior manager whom we could train. The deal is for the complete division with no creditors. Project nett profits £240,000. Negotiations on £1,400,000.

Write Box H8646, Financial Times, One Southwark Bridge, London SE1 9HL

SECURITY PRODUCTS MANUFACTURER

Manufacturer/distributor of small range of unique, established home/personal DIY security products. Substantial buyer could realise huge potential. Turnover £600k, excellent margins. Principals only write Box H8649, Financial Times, One Southwark Bridge, London SE1 9HL

ENGINEERING FABRICATION COMPANY

Est. 1953. Quality approved supplier to UK largest mining EST. 1955. Quality approved supplier to UK largest mining equipment conglomerate, approved supplier to probably the worlds largest compressor manufacturer, also committed on satellite antenna production. Oct 1990 balance sheet sales £741,000. GP £235,000. Nett £61,000. AP £276,000. 20000 sq.ft. 60 year leasehold premises.

2 miles MI Nottinghamshire. Founder past returing age, offers 60% shareholding or 100% takeover. First consideration given to concerns intent on expansion.

Write Box H8650, Financial Time One Southwark Bridge, London SEI 9HL

Specialist Machine Tool Manufacturer For Sale

Located in the West Midlands with freehold premises of 19,000 sq ft and a workforce of 35. Turnover £1,100,000.

Associated machine tool service business with annualised turnover £500,000 also for sale All interested parties contact:

Harris Watson Services Ltd 12 St Pani's Square, Birmineham B3 1RR Tel: 021-233 9700 Fax: 021-233 9707 Principals only

PLUMBING & HEATING MERCHANTS BUSINESS FOR SALE. HERTFORDSHIRE

= 1°/+ 14, Lorentota 8,700 sq t ⊕ Tunners L / a M. Lovenson by Joseph S. Jack.

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Heablished E years. Sound customer base,
good potential. Most self - any office.

White Eart 18527 Presented Thom,
One Southwark Bridge, London SEI 988.

URGENT SALE REQUIRED

TUNBRIDGE WELLS MAJOR DEALERSHIP PREMISES 12,000 SQ.FT. SUPERBLY FITTED SHOWROOMS . **WORKSHOPS** ONE ACRE

FREEHOLD/LEASEHOLD KEITH CARDALE GROVES 0825 765066

ELECTRO/MECHANICAL

NW London manufacturing Company is meking to acqui additional product ranges

Profitable or emprofitable Min 4000 sq.ft. for relocation Retain staff/menuscrepent lon, equity or JV Principals only to Box H\$635, Financial Times, One Southwar Bridge, London SE1 9HL

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On the instructions of the Joint Admi LOWNDES QUEENSWAY GROUP LIMITED PRIME FURNITURE STORES FOR SALE AS GOING CONCERNS OR WITH VACANT POSSESSION

	MILE ON WILLE INCOME	
RESTOL	CANNOCK	CARDIST
CRIEBS CALISEWAY	WATLING STREET	CULLA L'INK
24,000 eq 2	31,300 aq ft	26,340 aq A
LEASEHOLD	LEASEHOLD	LEASEHOLD
CHRISTCHURCH	DERBY	edinburgii
SOMERPORD ROAD	METBOR CENTRE	SALAMANDER STREE
31,500 mg ft	29,650 sq ft	21,500 aq ft
LEASEHOLD	LEASEHOLD	FREEKOLD *
EDINBURGH	GATESHEAD	GLASGOW
STEVENSON BOAD	TRAM VALLEY	DARNLEY
25,000 pg ft	30,100 mg ft.	21,750 sq B
PREEHOLD *	LEASEHOLD	LEASEHOLD
HARLOW	HOUNGLOW	LEEDS
EDONBURCH WAY	HIGH STREET	AIRESIDE CENTRE
	23,156 se 9	30,500 ag 8
34,560 mg &	1 RASPHOLD	TEASEHOLD
PRESHOLD *		
LECCEPTER	NEWHAVEN	NEWPORT (GWENT)
ST MARCIARETS WAY	DROVE ROAD	MAESCLAS RETAIL PAI
29,500 ag ft	40,500 aq ft	36,600 aq ft
LEASEHOLD	LONG LEASEHOLD	PREZHOLD •
ORPENGTON	PRESTON	RAYLEIGII
SEVENDAKS WAY	RINGWAY	STADIUM WAY
43,570 aq ft	35,300 aq it	23,350 eq 2
LEASIEROLD	LONG LEASEHOLD	LEASEHOLD -
		SWINDON
ROTHERHAM	EWANSEA	MANNINGTON
PARKGATE	NANT-Y-PFIN NORTH	ROUNDABOUT
40,500 sq ft	39,150 aq ft	30,500 mg ft
LRASEROLD	LONG LEASEHOLD*	THATEHOLD
UDDENGSTON	WENGLEY	WEST DRAYTON
BIRKENSHAW ESTATE	OLYMPIC ESTATE	HIGH ROAD
24,500 aq ft	29,500 aq ft	26,500 pg R
LBASEHOLD	CJOIERASJ	FREEEHOLD*
WEST THURBOCK LAKESIDE RETAIL PARK 31,000 of 2 LEASEHOLD	• FreeBold and Long Available on Aborter	

AVAILABLE AS A CROUP OR REDIVIDUALLY FULL DETAILS, INCLUDING TURNOVER PIGURES, AVAILABLE ON REQUEST. RETAILERS OR AGENTS WITH NAMED CLIENTS APPLY TO M & CROSTHWAITE

Property Development Opportunities

The Joint LPA Receivers offer for sale as a whole or individually the following sites:

SPRINGFIELD LANE, CAMBERLEY A development of 7 executive houses on a unique site backing onto Camberley Golf Course, The houses vary from foundation level to just below eaves.

552-570 BATH ROAD, TAPLOW, SLOUGH A development site on the main A4 road between Slough and Maidenhead. This is a greenfield site with detailed

MILL STREET, COLNBROOK, SLOUGH A potential development site. The local planning authority have indicated that planning permission can be obtained. For further details please contact the Joint Receiver PR Cupp FCA, FCCA, or PD Cummin: ACA 1Ref: PDC) at Stoy Hayward, 6 Baker Street, London W1M 1DA, Tel: 071-486 5888, Fax 071-487 3686.

STOY HAYWARD I Howardh

es and Business Advisers A member of Horwath International Authorised by the Institute of Chartered Accountant in England and Woles to carry on investment business

CENTRAL LONDON THE LONDON PARK HOTEL edroom tomist hotel F/kold effers invited over £9,000,000 To be sold on the instruction of M Whitiali & I Allen of Grant Thornton, Administrators of Wiltrex Lid.

HOTEL GROUP WANTED Cash rich USA company wishes to buy all or part. Contact Michael Pagg, Chahman.

COTSWOLDS HOTELS & INNS 60% Private mortgage available at only 6% interest arm on profits; 13.8% to 16.8%. F/hold £475k to £875k MICHAEL PEGG INTERNATIONAL

SPAIN For direct sale: Well Known Exclusive Hotel near Gibraltar.

46 Bedrooms, superb location adjacent to famous golf courses, large landscaped grounds with further development potential.
Contact the Management Co

Tel: (44) 71 872 5665, Fax: (44) 71 730 2477,

Tlx 9413485 THREE EXCELLENTLY

MAINTAINED REGISTERED NURSING HOMES FOR SALE ing in North West England an

approx.

Price £3,360,000.

Would consider selling individually. Write Box H\$636, Financial Times One Southwark Bridge, LONDON, SEI 9HL

FOR SALE

Small engineering and metal fabrication co. operating profitably Soundly structured and expanding in both new & existing markets. Located in South West. Write Box No: H8643 Financial Times, One Southwark Bridge, London SE1 9HL

> NATIONAL MULTI-SITE TRAINING COMPANY

Major contract with Training and Enterprise Councils and Government Bodies, T/O £2M and profitable. Principals only plotte, write Box H8639, Pinancial Timos, One Southwark Bridge, London SEJ 9HL

Long Established Haulage Business Profitable Specialist Going Concern, based in the North-West Nationwide Traffic, including for major manufacturer Twelve rticulated crane-operated vehicles

PRINT **FINISHERS**

FOR SALE In East London area. Write Box HB641, Financial Times, One Southwark Bridge, LONDON, SE1 9HL

Tel: 0272 237575 Fax: 0272 237566

BUSINESS FOR SALE

Joinery Manufacturer • Yorkshire Consistent turnover of approximately Exa, still profitable despite recession, with net surpluses ranging between 23% and £300k over last three years. Purchase price required in cash and/ Purchase price required in each and/ or ple shares is £500k which equates to not current assets. Suitable add on to Yorkshire/Lancashire based opera-

Write in confidence to Box H8563, Financial Times, One Southwark Bridge, LONDON. SE! 9HL

Small specialised machinery manufacturers

with established overseas/UK business, located Windsor, wish to dispose of all current machine designs, spoodwill, exputiry book etc. Proposed prior £95000. Some stock svailable and 3000 sq.l. permises (Long lease to premium) if required. Write or phone in first instance to ref. PES/JM et AGHS.

31 Sheet Street, Windsor SLA IBY (0753 831525). A GOLDMINE IN THE

NORTH EAST

A small group of highly profitable hair salons for sale N.E. England. Long established Well fitted. Run totally with management learn. No need for "helf experience, ideal for a go sheed businessesan, maybe with C.G. Rollover relief. Turnever £400,000 approximately, increasing. High net profits. Otters over £300,000

Joinery Manufacturer

Purpose-made joinery supply only and supply and fix. T/o £700,000. B.S. 5750 registered. Northern Home Counties. Write Box H8645, Financial Times, One Southwark Bridge, LONDON, SEI 9HL

West Midlands **Fabricating Company**

Currently manufacturing it's own range of heating panels on c13,000 aq it leasehold site on Ind, Est., T/O less than £1 M, which is too small for DETERN 'n CHITTCH! NICH Write Box H8647, Financial Times, One Southwark Bridge, Lendon SE1 9HL

European Fixings Supplier UK based fixings importer. Supplyin throughout Europe (1990 T/O £2.km). Seeks expension by joint venture/merges to meet expected market up-turn. Write Box H8642 Flouncial Times

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Kinderflex Limited

The Joint Administrative Receivers offer for sale, as a going concern, the business and assets of Kinderflex Limited.

The company was established in 1964 and manufactures its own range of high quality office furniture systems.

The company is based in Milton Keynes, Buckinghamshire and Rhyl, North Wales.

Salient features include:

- Annual turnover in excess of £2 million.
- Modern leasehold premises in Milton Keynes with a further manufacturing facility in Rhyl.
- Plant end machinery.
- Stock and work in progress. Designs and trade marks.
- Substantial order book and prestigious customer base.

For further information contact the Joint Administrative Receiver, Tony Thompson, KPMG Peat Marwick McLintock, Norfolk House, 499 Silbury Boulevard, Central Milton Keynes MK9 2HA. Tel: 0908 661881 Fax: 0908 664363.

KPING Peat Marwick Corporate Recovery



B. Chambers and Co. Limited

(In Administrative Receivership)

The Joint Administrative Receivers offer for sale as a going concern the business end assets of B. Chambers and Co. Limited, a long established manufacturer of ladies and childrens' lingerie and

Principal features include:

- Established 65 years with an excellent reputation in the nightwear industry.
- Broad customer base consisting principally of independent and Chain Store Groups as well as Mail Order Distributors. Substantial order book.
- Centrally located in Nottingham, with making up unit in Rugeley. Skilled workforce,
- Turnover of approximately £1.8 million per annum.

For further Information contact the Joint Administrative Receiver, Ian Chisholm, KPMG Peat Marwick McLintock, St Nicholas House, 31 Park Row, Nottingham, NG1 6FQ. Tel: 0602 483444 Fax 0602 483401.

KPING Peat Marwick Corporate Recovery

The Joint Administrative Receivers Offer for sale

Pipework Contractors

Hartlepool, Cleveland

As a going concern the business and assets are offered. Quality Pipework Services Limited, a company specialising in the fabrication and installation of high integrity pipework systems for the nuclear, petrochemical, power generation and North Sea Oil Industries.

- The main features and assets comprise:
- An established business and customer base A comprehensive range of related plant and equipment
- Quality Assurance system to BS5750 Pt2
- Det Norske Veritas approved
- Nuclear Industry approval for both Carbon and Stainless Steel Work
- Skilled workforce currently retained by the receivers
- Computer aided product management system in operation Latest accounts indicate a turnover in excess of £5m.
- For further details please contact; D M Middleton or G S Goldie, Joint Administrative Receivers, Cork Gully, Hadrian House, Higham Place, Newcastle upon Tyne, NE1 8PB Telephone 091 230 5599, Fax 091 230 5693, Telex 887474 or LD, Lester, Quality Pipework Services Limited, Cakesway, Hartispool Industrial Estate, Hartispool, Cleveland TS24 ORE Telephone 0429 889511, Fax 0429 861960



KENSINGTON

W8

WELL LOCATED HOTEL 26 BEDROOMS

FOR SALE

Ref. TJB

HEALEY & BAKER 071 629 9292

FOR SALE

Prestigious retail establishment in Winchester, specialising in top class gifts and furnishings since 1973. Tumover approx. £500,000, offers in region of £200,000 for long lease, fixtures and stock as going concern.

> Write to: Rothman Pantall & Co., 4 Prince George Street Havant, Hants PO9 1BG Quote Reference: HD040

> > Joinery

Manufacturer

Purpose-made joinery

supply only and supply and fix. T/o £700,000. B.S. 5750 registered. Northern

Home Counties.

Write Box H8645, Financial limes, One Southwark Bridge, LONDON, SEI 9HL

Boatbuilding Company.

Based North Norfolk coses. Building highly seconsful traditional design gat? sigged G.R.P. daybox, amall yacht and workboats, with long order book. Offers in excess of £195,000 + S.A.V.

Write Box H2099 Financial Times, One Southwerk Bridge, London SE1 9HL

MAIL ORDER SOOK selling business. Stock + copyrities included E2.750 O.N.O. SAE to Box NBS4. Financial Times, One South-wark Bridge, London SE1 94L

RARE INVESTMENT OPPORTUNITY.
Recently relationed 5 issury apartments with vacant position close to sessicle amerities with extellent assacrael or annual letting potential. Reduced to 250,000.05-fera levited for quick sale. Tel: 0403.

Auditor. Sanctions Read, Closet Yamputh.

Wine & Spirit Merchants

- Over £5M turnover Profitable N West-bas
- 9 Retail sites
- Wholesale and C&C Retail and wholesale busin

may be sold separately. Further Details from: Philip Nuttall Latham

> Crossley **Davis**

er House, St Thomas Chorley PR7 1QP HOTELS AND LEISURE TROUBLESHOOTERS

HOTELS (Buying and Selling) Leases, franchises, management, financing - refinancing and

Contact m on Tel: 071-323 4838, Fax: 071-436 1095 Established MAGAZINE

(due to ill health) Small, quality publication, with great potential, related to Property Overseas. Write Box H3630, Financial Times, One Southwark Bridge, London SEI 9HL

ENGINEERING COMPANY FOR SALE

12 employees in leased premises near Amersham. Excellent profit on £250,000 yearly turnover.
Well known clients. Offers
around £160,000. Principals
only.

Write Box H8622, Financial Times, Occ Southwark Bridge, London SEI 9til.

ARNCLIFFE HOLDINGS PLC

The Joint Administrative Receivers of Amoliffe Holdings PLC, Alan Katz and John Talbet of Arthur Andersen & Co, Leeds, offer for sala the business and essets of this residential and commercial property developer. Brief details of the essets are:

9 RESIDENTIAL DEVELOPMENT SITES

- Great Oakley, Nr. Kettering, 14 plots on 1.6 acres.
- Idle, Bradford, 59 plots on 6.5 ecres. Old Park Road, Roundhay, Leeds, 48 plots on
- 7 acres (net). South Normanton, Derbyshire, 2 phases, 76 plots on 5.9 acres.
- Lindley, Nr. Huddersfield, 1 plot and 1 house
- Jennyfields, Harrogate, 55 plots on 10 acres.
- · Harrogate Road, Leeds, 2 sites with planning consent for 26 flets.
- Peterborough, 23 plots on 2.7 acres.
- . Clifford, Nr. Wetherby, 1 house remaining.

GROUND RENTS A portfolio of freehold ground rents currently

producing £36,469 per annum.

EQUITY SHARES

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Portfolio of wally shares in freehold dwellings with a face value in excess of £1.2 million.

For further particulars on the residential and commercial properties please fax the Joint Administrative Receivers office on 0423 873495.

PORTFOLIO OF COMMERCIAL INVESTMENT AND DEVELOPMENT PROPERTIES

- * Follifoot Hall, Follifoot, West Yorkshire, Freehold offices, 7,700 sq.ft. plus outbuildings, detached 3-bedroomed gatehouse, 2.5 ecres landscaped
- 92/93 Briggate, Leeds, West Yorkshire, Freehold shop pre let to Rover Group.
- . Rutland House, The Calls, Leeds, West Yorkshire, Freehold offices and shops.
- * 8 Shadwell Lane, Leeds, West Yorkshire, Freehold
- 17 Albert Street, Harrogate, North Yorkshire,
- Freehold development site, planning consent for The Devonshires, Street Lane, Roundhay, Leeds, West Yorkshire, Freehold office complex totalling
- 14,450 sq.ft., fully let. Broadmeadows Shopping Centre, South
- Normanton, Darbyshire, Freehold block of 6 shop units and offices. New Bridge Street, Exater, Freehold former
- Church, redevelopment potential for offices. Barrack Road, Leeds, West Yorkshire, Freehold
- development site of 1.5 acres.

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TOTAL RENT ROLL

* £431,369 per annum.



Commercial **Vehicles**

North of England

The above company specialises in rental and contract hire to customers in manufacturing and construction.

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SCHAUSPIELHAUS,

Brecht liked to have it both ways and never tired of weddings, traditional rituals just asking for parody white every gram of romance is being squeezed out for theatrical starding. There are mock-marriages in Drums in the Night, The Good Woman of Seizum and most famously The Threspenny Opera, set in Soho with wedding gifts looted from Saltridese. Selfride

wedding gits looted from Selfridges.

The one act Respectable Wedding, written in 1918, predstes all these. A young couple celebrate their wedding in a flat whose furniture has been fondly made by the groom. In e series of comic coups, the piace gradually falls apart: chairs lose arms and legs, door handles fly off, tables collapse, cupboards refuse to open and get kicked in, the loo floods. In parallel, the superficial harmony between the guests is revealed as a mask for self-interest, lechery and hatred.

Anselm Weber pulls

hatred.

Anselm Weber pulls slapstick and psychology together with effortless slaight of hand. The most eligible guest gets a splinter up his burn which gives the bride e chance to touch him up and eventually remove his trousers. Another spect truster to meet the history of the street of the str

remove his trousers. Another guest tries to mend the table but instead explores the stockinged legs trapped beneath it. There are arabesques of emberrassment when the parents discover the bride is pregnant and a couple who have just met slip outside for a spot of noisy sex, the remaining guests squabbling madly over the cream pudding to drown the din.

Fine character playing dramatises the shoddiness of apparent respectability. Wolfram Koch is the upright best man croaking sweet-nothings in the ear of the bride; Iris Krdman sinapers as the mother-in-law but turns into a tribal matriarch turns into a tribal matriarch when the going gets tough; Ingrid Schaller's wedding guest is all outraged propriety until her husband tears off her wig and shows the jealous hag behind the

> This is radical idealism rerun as social comedy, Brecht played as Ayckbourn though, as Ayckbourn has said of his own work, there's politics in every line. But there's optimism here as well as a cry for a less hypocritical social order; Brecht's emotional booligans are always lovingly flawed rather than chilling and this ill-matched and this in-marched pair (Alberta Schatz and Michael Lucke) patch things up in the ruins, drunk on the dregs from left-over glasses as they pant to sleep together in a bed still to

Love on a shoestring: romance hanging on by its fingernalls in a material. world; tentative anarchy: Brecht wrote the piece before he had read Marx and gave it its sarcastic title (in German "Die Kleinburgerhochzei afterwards, It is a rarely performed work; Weber's production is relaxed, crisp in comic detail, varied in musical diversion ("Here comes the bride" to a smoky Latin guitarist), unbeat while never letting slip the brittle nostalgia of the best early

and the state of the state of

Harry Contract

CHOI ST LINE

ARTERIAL KARAMA

Jackie Wullschlager | laboured, as if the voice was still lim-

Respectable | Exotic | but unloved **Patricia Morison** lauds ethnic art

thnography has something of an image problem these days.

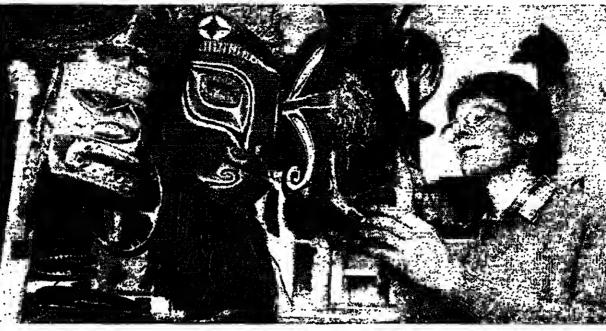
Exotic yet unloved, it has to be brought in from the cold with e few blockbuster exhibitions so that at long last the public will begin to appreciate Britain's enormous and superb collections of non-western art. Who thinks of Eskimos in connection with Numeaton? Who associates Maidstone with a fabulous Pacific and with Numeaton? Who associates Maid-stone with a fabulous Pacific and North-Western American collection? A good deal of nonsense is talked about the so-called treasures languishing in museum basements, but in the case of ethnographic collections, often by their nature extremely fragile, the grumble is nearer the mark. Priceless, or at least irreplaceable, collections shipped back by hundreds of colonial administrators crumble eway, uncatalogued and maseen.

Part of the problem is the word eth-nography, with us since the 1830s. Many people have not a clue what it means and those that do often associate means and those that do often associate it with Victorian racist scholarship and the ethically dublous methods of professional plunderers. So it is not surprising that museum people will often say that non-European art is not "popular". And yet, need that be true? This is, after all, the year of Dances with Wolves. Surely e blockbuster exhibition on native American art staged now could prove a howling success. on harrye American art staged now could prove a howling success.

A fascinating afternoon in Brighton showed me what we are missing. Few people, not even specialists, know that the Brighton Museum, opposite the Royal Pavillion (tel 6273-603005), owns one of Britain's richest collections of

one of Britain's richest collections of non-Western art with some 12,000 items. The Brighton collection now has a new curator of ethnography, Anthony Shelton, who was astonished to discover quite what riches the collection holds. Unfortunately, the museum is typical in that at present the public sees only the tip of the ethnographic iceberg.

Nor, as Shelton admits, is that tip an alluring prospect. The permanent exhibition looks like a redundant aquarium, Nothing appears to have changed since the 1960s. The gallery is painted dark brown, and the African section has a fake leopard-skin background. And yet, within such Stygian surroundings the visitor prepared to crouch and peer will spot some good things, such as the Sri Lankan "curing screen" with its horrible personifications of Disease.



Conservator Ray Martin at the Brighton museum with the masks from New Ireland, New Guinea

Nor could anyone miss the magnifi-cent winged shark from New Ireland, an island in the Bismarck Archipelago which is now part of New Guinea. The delicately striped monster commemo-rates an actual event when a hrave fish-erman had his leg chewed off by a shark but managed to kill the brute and, thanks to a ritual song-and-dance, survived his wounds. The sculptor has

and, thanks to a ritual song-end-dance, survived his wounds. The sculptor has represented the heroic fisherman as a tiny figure attached to the mouth of the terrible air-borne fish.

New Ireland masks, or malangams, were made to repose in ancestor shrines and are extremely rare and fragile. As Shelton explained, curators regard themselves as lucky to own even one; he was thrilled to find that, unknown to the scholarly world, the Brighton collection has 15. The shark apart they have the scholarly world, the Brighton collection has 15. The shark apart, they have not been on display in years. However, at least they have now reached the conservation department — thanks to the special needs of the Royal Pavilion, Brighton Museum has a staff of ten conservators. Their skills are thoroughly taxed by these complex masks which mix pith, grass, bone, shell, crushed lime and leaves. Surely never has the human head been more inventively transformed by artists. Vast paddles stand in for ears and a pair of disciplined wooden serpents marches dles stand in for ears and a pair of disciplined wooden serpents marches skyward above a Mohican-like crest; and real teeth snarl in a vulpine grin. Simply as objects, these sculptures are a knock-out and should be seen. Shelton now has to harpoon his own particular fish, development grants, so that more can be made of Brighton's astonishing collection. He hopes to turn Brighton into an ethnographic centre for the south coast, "We should see ourselves as a regional museum, not as one more provincial collection. Then we must develop links with the small

museums which do not have the resources to show their collections." He is that rare thing, a curator who talks enthusiastically about wholesale rationalising and devolution of collections.

So perhaps Brighton will spearhead change in the fusty image of ethnographia. Exotics, the current temporary exhibition (until the end of May but may be extended) which is part of the Brighton Festival, is a very modest show; you could probably dit all the exhibits into two suitcases, and yet it is a model of what you can do. The theme a model of what you can do. The theme is a quotation from French sociologist Pierre Bourdieu, "The eye is a product of history". We see images of how the White Man perceived the Red Man and, more unusually, the view from the

In 1893, professional photographers Frank A. Rhinehert and Adolph F. Mut-ter were commissioned by the organister were commissioned by the organisers of the Omaha Indian Congress to take a set of studio-portraits of "typical" Red Indians "to preserve the memory of the American Indian for future generations." The Omaha Congress itself soon lost its veneer of ethnographic seriousness as it degenerated into staged battles between Indians and their conquerors. In the exhibition several dozen of these sepia photographs are disnlayed, poignant images of are displayed, poignant images of Indian couples and families which are presented without comment but simply as the melancholy records of a doomed

However, it is the second face of Exotics which is so interesting, the carvings of argillite made by the Haida Indians of the north-west coast. Argillite is a smooth black material resembling slate. Most of the pieces come from e private collection but some are from the museums at Brighton and Maidstone. The pieces were made between the 1840s

and 1880s and traded with the Europeans, although it is not made clear whether the carvings are therefore a 19th-century version of "airport art", made purely for foreign consumption. Vigorous and delightful as carvings, the pieces are also highly enigmatic in the way they represent Europeans at work and play.

A number take the form of pipes, modelled on the clay pipes which were handed ont to Rudson Bay employees, but there are also small figure sculptures and a splendid dish carved with a grinning beaver-man. On one pipe there is a lively scene of a European having his hair cut, on another a man being treated for goitre. The Haida may have found both activities very odd, and they appear also to have been impressed by the white men'e ships and by the activities of sailors and shipwrights. A statuette of a Russian sea-captain is beautifully observed, grasping the rail of his ahip in his high cap and large-buttoned

Overcoat.

Did European women struck the Haida as remarkably dominating compared to their own? In a lively scene of Europeans carousing a large lady in a bustle sits on the knee of a comically undersized sailor. The statuette which appears to show a mother and child may be a caricature of the white woman dandling a mannikin spouse. Odder still is a woman in Welsh dress with her steeple hat, who has Indian features. Is it the portrait of a servant, or was there e Haida lady who dressed as a Welshwoman?

This is a tiny exhibition but it works

This is a tiny exhibition but it works exceptionally well, partly because it takes an unfamiliar and intrinsically beantiful art-form, partly because it makes us reflect on an exceptionally rich theme, the relationship between European and exotic cultures.

Antony and Cleopatra BLOOMSBURY THRATRE

Nothing about the first all-black British production of Antony and Cleopatra is perfect, and yet this is e more satisfying account of the play than the other two Fve seen this year. The programme note, by the staging's director Yvonne Brewster. made me Yvonne Brewster, made me fear the worst; it goes from fear the worst; it goes from colonisation, via the collapse of old dynasties, to Cleopatra falling "prey to this most unroman of Romans, to his generosity of spirit and his ability to laugh". But the actors are ewake to the play's tremendous range; and the production is fully aware that these characters change the course of hisacters change the course of his-

tory.

The actors in this "all-black" cast have, in fact, a vast range of birthplaces, accent, colours and acting styles. Though the of the colours are details of and acting styles. Though they are meticulous over details of scansion ("Asia" is given three syllables, "expression" four), they aren't, as yet, an ensemble. Some make musical phrases out of their lines, some chant artificially, some deliver every syllable like a bark. Almost none of them can hold the beauty with a night-seime. the house with a pianissimo; they rely too much on volume, not enough on a current of focused tone.

But they're caught up in the but they're cangin up in the business of communication. Shakespeare's verse doesn't make them inhibited or monotonous, it supplies them with a vast palette of colour and opportunity. Best, and most natural, is Ben Thomas as Caesar. He has authority, ease and terrific drive. No-one makes more music from the lines than he; he seems to cover two

octaves in a single line. Worst, and most self-conscious, is Renu Setta as a rather creepily urbane Enobarbus. He rarely enters words cleanly, but drones lines as if playing the bagoines.

begingers.

Dona Croll is a funny, sensual, powerful Cleopatra, with a large, handsome, cunning and ambitious face. Her diction and ambitious face. Her diction is slightly affected, she throws up her chin to look powerful, and, feigning ill-health, she could fool no one. She makes nothing of some lines ("Can Fulvia die?" and "or I'il unpeople Egypt") and, once on the monument, an occesional ettack of tragic nobility overwhelms her and renders her variety all too finite. But she speaks in liquid phrases, she holds out lines to the light with relish ("his delights were dolphin-like") and her temper ("He words me, girls,") is splendid. She catches the untrammelled force that makes Cleopatra the most imperious Cleopatra the most imperious and the most animal person in

and the most dininal person in the play.

Jeffery Kissoon, who pleys Antony, is one of the barkers in the cast. He has a proud face, heroic build and a strong voice. At first he is an odd mix-ture of "lascivious wassails" ture of "lascivious wassails" and politic oiliness, and his speeches are spoilt by his eeparate-syllahle yapping. But he rises with the play and confers on Antony an extraordinary loneliness, an isolation of temperament than only Cleopatra can cure. The massive power he unleashes in the battle scenes is thrilling.

Alastair Macaulay

The Shaming of Bright Millar

MANCHESTER CONTACT THEATRE

notes or Foucault's social his-tory. If one has no familiarity with psychoanalysis or with the history of madness, the action will be unintelligible but absorbing. If one has, the play will look like a course of therapy for its central charac-ters. Either way, Stock tries to dramatise some intractables processes: memory, madness, guilt and suicide. The play's 12 scenes shift

between 19th-century Manchester, Nazi Germany, and contemporary Cornwall. It is the story of Elspeth, an implacable old Germen woman: her daughter burned herself to death; her granddaughter suffers the expected nighmares over her mother's loss. Elspeth's body is consumed by blood plasma disorder and her mind by guilt for her part in a Nazi eugenics propaganda film. Add in substantial flashback and dream roles for Hitler, and a poor 19-century lunatic called Bright Millar, and a tottering plot is felled by its own com-plexities.

The pley comes straight from the Dennis Potter school, and resembles The Singing Detective in its ettitude to disease and mental disorder. It would fare much better on television, where its intercutting suits the medium. While Brigid Larmour'e direction manages the transitions well enough, and e sensible open set keeps the sction clean, the play's plo-tlessness wins in the end.

James Stock's new play, The Shaming of Bright Millar, is a strenuous and perplexing experience. One might prepare for this by reading Freud'e case notes or Foucault'e social history. If one has no familiarity the trepanning of Bright lysts), the trepanning of Bright Millar in the name of religio-eclentific investigation, is sadistic and sickening. The actors cope admirably, with Joan ors cope admirably, with Joan Heal as Elspeth and Robin Soans as Hitler particularly good. Paul Brightwell makes the most of the difficult lunatic part, producing the screams and incoherences to order.

The play needs shortening, and the acting style falls to grasp that histrionics are no substitute for issues humanely expressed so that they speak of

expressed so that they speak of us as well as of the situation on stage. I hope this play improves; it deserves to. Now, it has three main drawbacks. Its material is too dense; characters have to scale emotional heights as soon as they start each scene. Its shifts are too abrupt and arbitrary, depriving the play of pace and momen-tum. And its answers fail to live up to the elaborateness of its enquiry.

lts conclusion is grim: the past never dies, and the chil-dren pey for their parents' blunders as they enowball down the generations. This sentiment reminded me of Philip Larkin's vicious lines: "Man hands on misery to man, It deepens like a coastal shelf; Get out as early as you can, And don't have any kids your-self"; hut *The Shaming of* Bright Millar is even more des-olate.

Andrew St George

Christa Ludwig

years. Though the tone hardens a little now when pressed to climaxes, it is still utterly unmistakable; inflections are touched in with as much precision as ever and the sense of line, the peerless continuity, remains immaculate. Admirers may have anticipated the recital with apprehension, fearing to finding only e pale replica of a great singer; they can only have gone home exhibitated by the persistence of her

art.
Om her last appearance at the Wigmore Hall Miss Ludwig sang Schubert's
+ Winterreise+. This time, accompanied by Charies Spencer, she offered a
very mixed programme, beginning with
a Schubert group which included "Der
Lindenbaum" from the Müller cycle,
and going on to Wolf, Liszt, Von Sinem
and Strauss. As she relaxed and got
into the recital, her singing audibly
rolled back the years. There was swift. rolled back the years. There was swift, uncomplicated characterisation in Schubert's "Der Tod und das Mädchen", but "Der Musensohn" was a little

which gave Mr Spencer the opportunity to shoot off on a Hungarian rhapsody of his own), preceded the London premiere of Gottfried von Einem'e +Bald sing ich das Schweigen+, a songcycle on poems by Lotte Ingrisch. It is a sequence of meditations on impending death told in brief Uncomplicated latter. death told in brief, uncomplicated lyrics and a style that wouldn't have per-plexed Wolf. But it is an idiom that Miss Ludwig commands ntterly, and she charged the songs with an intensity that belied their lack of enbstance. When in the final song the world of When in the imal song the world of Mahler's Ruckert songs was glancingly evoked, the echo brought with it memo-ries of Ludwig's own imperishable Mah-ler performances, and Von Einem's col-ourlesse setting was convincingly eclipsed. After that there some Strauss, including a sensuously unfolded "Morgen" and as glorious first encore, "Zacignung", with the line seering to its climax as majestically as ever. A marvellous evening.

Ohana's Cello Concerto

RECONTRES MUSICALES D'EVIAN

the whole enterprise, these young musicians can also take part in the first performence of works he has commissioned. Last year saw the premiere of Schnittke's Second Cello Concerto. This year it was the turn of

Maurice Chana.

Now in his late seventies, Chana is finally being recognised as an original voice in postwar music. The reception given to his opera La Célestine three years ago in Paris suggests he is even acquiring cult status. This 18-minnte cello concerto is neither strikingly exploratory nor populist, but it is still a fascinating, fastidiously-constructed piece of music. Subtitled "In Dark and Blue", it takes the form of a rhapsodic nocturne, full of sultry warmth and seductive sonorities, with jazz effects that could have drifted in from some sleazy Mediterranean night-club. In his instrumental colouring –

Andrew Clements | mnted trumpets, delicate woodwind | voices - Ohana's kinship with Falla

According to the reference books Christa Ludwig was born in 1928, but we don't have to believe that if we don't how many to. Her recital on Sunday was an exemplary demonstration of Lieder singing, in which her vocal powers seemed scarcely diminished by the seemed scarcely diminished by the rambling "Die drei Zigeuner", which gave Mr Spencer the opportunity to shoot off on a Hungarian rhapsody of the whole enterprise, these young great musical personalities. Thanks to shoot off on a Hungarian rhapsody of the whole enterprise, these young great musical personalities. Thanks to shoot off on a Hungarian rhapsody of the whole enterprise, these young casenowledged. As in Anneau du Tamarit (1976), Chana's first essay in this genre, there are pessages (like the opening cadenza, after a moody orchestral entries) where musical quality (including meeting-point between gifted young musicians and some of the world's great musical personalities. Thanks to shoot off on a Hungarian rhapsody of the whole enterprise, there were gifted young musicians and some of the soil personalities. Thanks to shoot off on a Hungarian rhapsody of the whole enterprise, there were gifted young musicians and some of the world's great musical personalities. Thanks to shoot off on a Hungarian rhapsody of the whole enterprise in the competition. But the competition in meeting-point between gifted young musicians and some of the world's great musical personalities. Thanks to shoot off on a Hungarian rhapsody of the world's provided the Lordon were like and Debussy is openly acknowledged.

As in Anneau du Tamarit (1976), Ohana's first essay in this genre, there "Rencontres Musical gently contrasted backing not unlike a sophisticated jam session. There are no large gestures or bravura effects: the mood is laid-back, almost private. Rostropovich brought all his tonal

splendour to bear, though the piece must be one of the least taxing of his recent commissions. This year's resident orchestra was Japanese - the Symphony Orchestra of the Toho Gakren Music School, which consists almost entirely of immaculately turned-out teenage girls. Under Seiji Ozawa, they were an impressive machine, meticulous if rather impassive in the two overtures framing the programme - Mozart's Impresorio and Bernstein'e Candide. Ozawa also conducted a sumptuous account of the Tchaikovsky Serenade for Strings, after which the expensive Evian audience found the Chana concerto something of an anti-climax.

Season runs till June 30, with daily

Off Broadway the following enows can be recommended: Breaking Legs is a comedy by Tom Dulack

about what happens when some Mafia godfathers want to invest

in a Broadway ehow (Promenade Theater). The Resistible Rise of

Arturo UI, directed by Carey Perioff, is Brecht'a savage parable

of the rise of Hitler, set in gangland Chicago (Repertory Theater). Night

Sky, starring Joan Macintosh, is

Susan Yankowitz's play about a brilliant astronomer who suffers

0102) answers inquiries and sells tickets for shows on Broadway

performances except Mon (870

Andrew Clark | The language is brutal, steaming hot from the troop-

Orchestre da Paria (4561 0630)

PRAGUE National Theatre 19.00 Armida, opera by Dvorak, also Fri. Other Dvorak opera performances this week include Rusalka (Thurs) and The Devil and Kate (Sat). A new production of Die Entluhrung aus dem Serail opens in the Smetana performance of Don Glovanni on Sun.

Prague Castle 20.00 Frank Peter Zimmarmann, accompanied by Alexander Lonquich, pleys violin eonates by Mozart, Bartok and Prokofiev. Tomorrow: The Consorte of Musicke directed by Anthony Rooley, plus recital by Barabara Pre-booking st Sluna ticket agency, Wencesias Square 28

VIENNA

Staatsoper 19.00 Peter Schneider conducts Dia Zauberflote. Tomorrow, Fri and Sun: Lucio Silla. Thurs: Entfuhrung, Sat: Idomeneo (51444 2960). Tomorrow at Theater an der Wien: last chance to see Jonathan Miller's Vienna festival production of Le nozze di Figaro (586 1676)

Musikverein 19.30 Georges Pretre conducts Vlanna Symphony Orchestra in Haydn's Symphony No 101 and Mahler's Fifth (505 8190)

Konzerthaus 19.30 Robert Holi, accompanied by Rudolf Jansen, sings Lieder by Schubert, Fussi and Pfitzner. Tomorrow: Julius Bittner's Great Mass. Thurs and Fri: Arditti Quartet (7124 6860) European Cable and Satellite Business TV (all times CET) MONDAY TO FRIDAY

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Sky News 1200 International Susiness Report 2130 (Thurs) Financial Times Susi-ness Weekly SATURDAY

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GNN
9710-0740 Moneyweek
1540-1810 Your Money
1900-1940 Moneyweek

INTERNATIONAL TODAY'S EVENTS

■ BARCELONA

Gran Testre del Liceu 21:00 Recital by Kiri te Kanawa accompanied by Roger Vignoles, with songs by Mozert, Liszt, Strauss and others. Tomorrow and Sun: Toaca (412

BERLIN -

Stratsoper unter den Linden 19:30 John Cranko's ballet The Taming of the Shrew, also tomorrow. Thurs: La traviata. Fri: Pelleas et Melisande (2004 762) Komische Oper 19.30 Gunter Kramer'a production of Der Freischutz, Tomorrow: The Bartered Bride, Thurs: Glustino (2292 565)

Deutsche Oper 19.30 Otto Nicolal's Die lustigen Weiber von Windsor. Tomorrow: Aida. Thurs: Manon Lescaut. Frl: concert to celebrate 200th anniversary of Bertin Sing-Akademie. Sun: Tristan und isolde with Kolio and Jones (3410

Philhermonie Kammeringsiksaat 20.00 Christian Mandeal conducts RIAS Youth Orchestra in music by Reger and Schubert, with Kolja Blacher soloist in Mendelssohn's Violin Concerto, Tomorrow: Berlin Philharmonic Orchestra plays Schnittke, Boulez, Ugeti and a Kurtag world premiere. Thurs, Fri, Sat and Sun: Gluiini concerts (2614

■ BONN

383)

Oper 20.00 Vaciav Neumann conducts The Bartered Bride, with a cast including Afred Muff as Kecal and Graham Clark as Vasek, iso Sat. Tomorrow: Falstaff, with Juan Pons in title role. Thurs and Sun: Pelleas et Melisande (773667)

BUDAPEST Academy of Music 19.30 Andras

Ligeti conducts Hungarian State Symphony Orchestra. Tomorrow: Donald Johanos conducts Budapest Symphony Orchestra le Opera 19.00 Les Contes d'Hoffmann, also Fri. Tomorrow: Tannhauser

Ericl Theater 19.00 La Gloconda,
opera by Ponchielli sung in
Hungarian, also Fri. Pre booking
at Philharmonic booking office,

Vorosmarty ter 1, and central

theatre box office, Andrassy ut

■ GLASGOW Royal Concert Hall 19.30 Riccardo Chally conducts Royal
Concertgebouw Orchestra In
Bruckner'a Fifth Symphony (041
227 5511). The orchestra plays an alternative programme tomorrow at Birmingham's new Symphony Hali (021 782 8282), and then visits the Barbican in London on Fri and the Chatelet in Paris on Sat

LONDON MUSIC

Covent Garden 19.30 Hildegard Behrens sings Tosca, with Neil Shicoff as Cavaradossi and Samuel Ramey as Scarpla, also Fri. Tomorrow and Sat: Carmen. Thurs: David Bintley's new ballet Cyrano (240 1066)

Collegum 19.30 Monte Jaffe sings title role in Stephen Oliver's new opera Timon of Athens, staged by Graham Vick and conducted by Graeme Jenkins, also Fri. Tomorrow and Sat: Peter Grimes. Thurs: Mackerras conducts The Cunning Little Vixen (836 3151)

Rovei Festival Hall 19.30 Paolo

Olmi conducts Royal Philharmonic Orchestra in concert performance of Nabucco, with Matteo Manuguerre in title role and Julia Varady as Abigatile. Thurs: Montserrat Cabalis sings opera arias (928 8800)

Queen Elizabeth Hall 19.45 Jonathan Brett conducts English Classical Players in Brahms' Serenade No 2, Dvorak's Czech Suite and Mendelssohn's Violin Concerto, with Maurice Hasson. Schubert (928 8800)

Sadier's Wells 19,30 Opera 80 begins a two-week season featuring performances of Die Zauberliote and Don Pasquale, aung in English (278-8918)

Barblean 20.00 Mariano Torres Spanish Dance Company presents A Night lo Sevilis, popular

flamenco dance musical. Also tomorrow, Thurs and Sat. Fri: Cahilly conducts the Royal Concertgebouw Orchestra. Sun: . Henry Mancini in concert (638 8891) THEATRE

This week's Royal Shakespeare Company repertory at the Barbican includes King Lear (tonight), directed by Nicholas Hytner with John Wood in the title role. This is followed by Bill Alexander's production of Much Ado About Nothing (tomorrow and Thurs) and Love's Labour's Lost, directed by Terry Hands (Fri and Sat), in The Pit, the RSC is enowing Christophe Marlowe's Edward II and The Last Days of Don Juan, Nick Dear'e adaptation of Tirso de Molina's bawdy morality play. For information about other shows, call Theatreline from anywhere in UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thriliers 0836 430962

■ MUNICH

Staatsoper 19.30 Gerd Albrecht conducts Harry Kupfer's production of Tchalkovsky's The Maid of Orleans, also Frl. Tomorrow: Cinderella (ballet). Thurs and Sun: Boris Godunov (221316)

■ NEW YORK

DANCE Metropolitan Opera 20.00 American Ballet Theatre production of La Sayadere, also tomorrow and Thurs. Season runs till June 22, with daily performances except Sun (362 6000) New York State Theater 20.00 NY City Ballet in works by Balanchine, Jeroma Robbins and Peter Martins.

a head injury, leaving her unable to speak, and struggles to create a new identity and language (Judith Anderson Theater), Ticketron (246

THEATRE

PARIS DANCE Théâtre de la VIRe 20.30 Shijima (1988), ballet by Ushio Amagatsu. Runa till Sat (4274 2277) Théâtre des Champs-Elysses 20.30 Mark Morris Dance Group, Runs tili Sat (4720 3837)

> Chatelet 19.00 Thomas Zehelmair accompanied by Emanuel Ax plays violin sonatas by Mozart, Debussy, Schoenberg and Brahms. (4028

Salle Playel 20,30 Andras Schiff plays plano music by Bach, Reger, Handel and Brahms. Tomorrow: concert by Lamoureux Orchestra Including Villa Lobos' Gultar Concerto. Thurs, Fri and Sat Serrivon Bychkov conducts

FINANCIAL TIMES

Tsisphone: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Tuesday May 21 1991

Fast-track or the buffers

ONLY US Congressmen who want to go down in history as having wrecked the world trading system should vote against the Bush administration's request for a two-year extension of its mandate to negotiate trade agreements.

The so-called fast-track authority that is encapsulated within this mandate expires at the end of the month. Without it there would be no chance of completing the Uruguay Round of multilateral trade negotiations or of agreeing the mooted free-trade pact with Mexico. Even for those who wrongly believe the US should forsake multilateralism for regionalism in its trade policy, the case for extension is compelling. Without it the US would not even have this choice. It would be thrown back on aggressive unlateralism. This would eventually addressed to the control of the cont ally redound against its own exporters as retaliation eisewhere choked off their overseas sales.

Yet while a vote in favour o the fast-track would lift the immediate uncertainty sur-rounding the Uruguay Round, it would be insufficient to ensure its eventual success. Protectionist pressures are not abating. On the contrary, they are growing as the world econ-omy slows. All participants should redouble their efforts to complete the Round quickly, if possible hy the end of the year.

Acute pressure

Mrs Carla Hills, US trade representative, has fought hard for an extension to the fasttrack. Expectations in Washington are that Congress will now comply, however grudg-ingly. Yet this will also raise new expectations. A positive vote would mean she could no longer expect to be applauded at home, simply by standing firm in the Uruguey Round. Instead she will be under acute

pressure to deliver.

The temptation to fudge e deal with the European Com-munity on the divisive issue of farm subsidies would look beguiling. The Round could then be dressed op as a success, but it would have achieved little in practice to enhance the status of the Gatt and strengthen the multilate. and strengthen the multilateral trading system.

This temptstion may have been made all the stronger by

the way in which Mexico has taken centre stage in the fast-track debate. The Uruguay Round has enjoyed benign neglect. This suggests it is now seen as an innocuous affair, to be wrapped up quickly for the sake of international harmony but of no direct relevance to the real problems of US com-petitiveness. Meanwhile, a fudge would let an anguished Brussels off the hook of farm

reform. Yet it would be a great mis-take for either Washington or Brussels to try to cobbls together a deal simply for the sake of political expediency. Other players, notably the Cairns group of farm exporting nations, would object. More-over, the Round would only be a true success if it were to curb umilateralism in US trade polunilateralism in US trade policy and allay the threat of bit ter trade conflicts by imposing genuine discipline on farm sup

Mature approach

Other participants are aghast at the petulance of top negotiators in both the US and EC, which has left them barely on speaking terms. Mr Arthur Dunkel, Gatt director-general, indicated in London this week thet the world expects a more mature approach. Substantive reform is the only way to secure the potential benefits of the round for billions of people.

The US must accept the obli-ation to reduce unilateralism. gation to reduce unilateralism. It is no use pretending, as many in Washington nowadays do, thet disputes with countries like Japan are somehow special and should be handled outside the confines of the Gatt. Equally, the US does not have the sole right to decide when and how individual service sectors should be opened

The political price of curbing unilateralism would be very high. Washington would never pay it without substantial cuts in EC farm support. Europeans who think otherwise are guilty of flagrant self-deception.

A fast-track extension would provide one last opportunity to pull back from the brink of anarchy in trade. Exploiting it should not he portrayed as political sacrifice, but as what it really is, enlightened self-in-

The post-16 caucus race

raise the proportion of young people who stay on at school or college after 16? In a world where competitive advantage lies largely in the knowledge and skills of e nation's work-force, finding the right answer is of paramount importance.

The full-time education and training stakes in England and Wales eliminates runners almost as fast as the Grand National. Nearly half the field drops out at the earliest possi hie point in the race with the end of compulsory education at 16. After another year, only a third of young people have stayed the course. By 18, fewer than one in five remains in full-time education or training.

Yesterday's white paper on education and training aims to raise the numbers staying on to the levels in other industrial economies where 80 or 90 per cent stay on beyond 16 and more than half ere still in the race by 18. The government attributes the current rate of ettrition to the poor image of vocational qualifications seen as a second best for those unable to make the grade in the academic stakes. The solution offered is e new and improved system of vocational qualifications to be introduced by the end of 1992. These qualifications will count towards a oew diploma which will become the entry requirement for higher education.

Job guarantees

The white paper contains a lot of other worthwhile mea-sures besides, including the opening of schools to part-time and adult students and formal links between the local authority careers service and the TECs. The treining credit scheme is to be extended to every 16- and 17-year-old leaving full-time education, provid-ing a voucher which can be cashed in for training in the future. And the "compacts" trial pioneered by the now-defunct Inner London Education Authority is to go nationwide, offering young people guaran-tees of a job with training if tbey meet goals they agree with local employers and their

schools or colleges. But it is on the proposals for a unified approach to post-16 qualifications that the white paper will be judged. Is it credi-

ble to assert that giving formal equivalence to academic and vocational qualifications will lead to parity of esteem -from employers, gatekeepers of higher education or young people? Will an Alice in Wonder-land-style caucus race in which all who enter win prizes attract more young people to stay on than a steeplechase?

Highest hurdle

The answer is probably that it will, hut not nearly enough - because it fails to remove the highest hurdle in the post-16 education stakes, the A-level examination system This highly refined procedure for selecting a small minority of pupils to go on to degree courses dominates the academic agenda for post-16 edu cation, mainly for the conve-nience of the universities. It often damages those who succeed in it by excessive specialisation, making a virtue out of biochemists who cannot communicate and arts special ists who can barely calculate

More seriously, it limits the options of the four out of five young people who cannot hope to echieve passes at A-level and thus have little opportunity to secure academic qualifi-

cations after 16.
The virtue of the A-level system is that it provides a strong start for students to achieve high standards at university in undergraduate degree courses which are among the shortest in the industrial world, et no little saving to the exchequer. No doubt this is why the white paper recommends the reten-tion of A-levels undiluted though with further development of the AS levels which seek to achieve the standard of A-levels with half the content. But it leaves as the pinnacle of academic achievement in England and Wales success in an examination whose main feature is that it excludes most

young people from its scope. This not good supply-side policy for a knowledge-based society. The problem is hardly solved by an administrative solution which insists that every qualification is henceforth equal. What is needed is a range of qualifications suited to the full range of talents and disciplines, between which it is possible to make free choices.

f British politicians agree on anything, it is that their country is the thick man of Europe.

The continental comparisons are damning, familiar and unquestioned. Fewer 16-year-olds remain in full-time education in the UK than in any other advanced industrial other advanced industrial nation. Of those who leave, a pitifully small number receive skilled vocational training. And those who stay on specialise so early and so narrowly that illiterate engineers and innumerate historians are parfor the graduate course.

With yesterday's white papers on further and higher education, all the main parties have announced their plans for

have announced their plans for kick-starting the learning pro-cess. How do they measure up in the four critical areas: A-levsl reform, vocational training, the planning of 16-19 provision, and the expansion of righer education?

 A-levels: "We love comparing ourselves to Europe," says Mr Richard Pearson of the Institute of Manpower Studies, but we should start with Scotland for inspiration." It is not simply that more Scots remain in full-time education beyond le: Scots who stay on study four, five or six subjects at Higher level, a far broader grounding than A-levels pro-vide. The Higher is a one-year course, so university entrants north of the border have less specialised knowledge than their English counterparts. But

four-year first degrees mostly take care of that.

The Higher is under review, with calls - sidestepped in the separate white paper on education in Scotland - for it to be tion in Scottant – for it to be turned into a two-year course. That done, it would approxi-mate to the five-subject A-level proposed for England and Wales by Professor Gordon Higginson's official inquiry in

1988. The Higginson report is warmly endorsed by most of the education world, where Alevels are virtually friend-less. Yet it has long been a political dead duck. Its fate speaks volumes for the party politics of post-16 education. For the Conservatives, more means worse. Spurred by the right and the public schools, Tory education secretaries (there have been five in 10

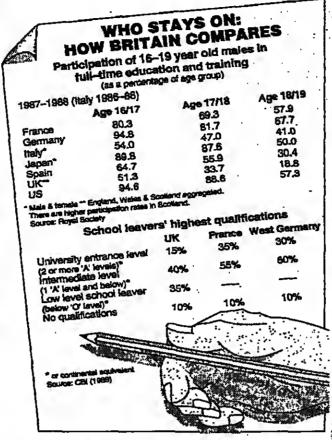
(there have been five in 10 years) condemn — in knee-jerk fashion — any questioning of the so-called "A-level gold standard". Mr Kenneth Clarke does so again in his white paper: beneath the camouflage of the new "edvanced diploma", A-levels survive unchanged. Yet why should five-subject, as opposed to three-subject, as opposed to three-subject courses imply lower standards? The white paper gives no con-vincing answer. They might necessitate four-year degrees;

but the objections to those come from the Treasury, not from the universities.

Labour and the Liberal Demcrats, on the other hand, go well beyond Higginson and want to abandon the A-level entirely, replacing it with modular-based post-16 courses for both academic and vocational

Mr Jack Straw, Labour's education spokesman, insists that academic standards would "core skills" linking vocational and academic modules. Yet these "core skills" turn out to be formulations like "values and integrity", "positive atti-tude to change" and "underAndrew Adonis on how the main parties measure up in further and higher education

Bottom of the class



standing of work and the world" - all very worthwhile, but of dublous value in con-structing a common curricu-

lum for post-16. Sceptics may be right to fear that Labour and Liberal ideas have more to do with crude social engineering (an end to A-level "elitism") than with life-chances and national effi-

· Vocational training, Rather than lump A-levels and voca-tional qualifications together, the white paper proposes to create a streamlined, more attractiva set of vocational qualifications. The Netional Council for Vocational Qualifi-cations will be responsible for overseeing their development and implementation.

This reform is to go hand-in-

hand with reforms to the careers service, an extension of careers service, an extension of training credits to all 16- and 17-year-old school or college leavers, and new "ordinary" and "advanced" diplomas, aimed respectively at GCSE-and A-level standard and their vocational equivalents, Minis-ters intend the diplomas to raise the prestige of vocational courses without devaluing the academic, and students will be able to mix the two to attain them. Yet virtually no schools currently offer BTEC courses; it is not clear how the diplomas are going to encourage.

be too much to expect.

16-18 provision. The provision of post-16 education is

highly fragmented, and will be still more so after the white paper. For every four 16- to 18year-olds in school, there are three full-time in sixth-form, tertiary or further education colleges. Until now, local edu-cation authorities have had responsibility for planning local provision, and they have generally moved towards col-leges - often in the teeth of opposition from schools losing their sixth-forms in the pro-cess. The institutional pattern varies greatly ecross the country: in some areas competition reigns; in others there is, effectively, a monopoly supplier.

The success of the new

framework will depend more than anything on the readiness of employers to train their staff or to release them for training. The white paper is silent on the question of compulsion: ministers clearly bope that company executives on the boards of the Training and Enterprise Councils – there are now 675 of them in all will encourage the others. In a worsening recession, that may

Colleges themselves are mostly keen to gain their free-dom, provided the new finan-

the money is forthcoming", says Mr Clive Wickens, principal of Oxford's 13,000-strong further education college, "then there are clear advantages in ruming our own show and being free from a local political process beyond our and being free from a local political process beyond our control". He discounts Hobbelian feers of anarchy: the college is keen to maintain its "very good relationship" with both the local education authority and the local upper schools (they currently produce a single post 16 prospective).

However, Oxfordshire's chief education officer, Mrs Jo Ste-vens, is less sanguine. "Planvens, is less sanguine. Finning post-16 is already fraught; it may become almost impossible, particularly if a large number of schools opt out.— as Mr Clarks hopes they will.

come planning blight. Perhaps it will call them "local educa-tion authorities".

or them tace severe infantation problems. There is some concern that even with a regional substructure the new colleges anding council, with nearly 300 institutions to its name, may prove inadequate for the

• Higher education. Progresdivision between the 41 universities and 33 polytechnics in England and Wales, and the merging of their funding councils, has long been on the cards. But the change may be more apparent than real. Higher education institutions earn their own reputations, and their formal titles have little to do with it.

Proposals on higher education funding may, in the medium term, prove far more consequential. Mr Clarke is proposing a big shift from grants to fees, in effect introducing voucbers through the back door. This should encourage institutions to markst themselves more effectively, but their ability to expand will ultimately depend upon resources, unless standards plummet. And since fear of the southern middls classes has led the government once again to resist measures to raise an appreciable proportion of fund-ing from students themselves, as does virtually every other higher education system in Europe, the sector can proba-hly expect a cash-starved 1990s to follow a lean 1980s.

Post-16 education is now at

the forefront of the political battle. There are broad fields of consensus, but more than sufficient areas of disagreements for it to become a political foot-ball. If it does, the consequences will be debilitating.
"Meanwhile," as Mr Pearson at
the Institute of Manpower
Studies remarks acidly, "the rest of Europe is not waiting for us to catch up".

A proposal to create a ter-tiary college in Banbury, in the north of the county, has alrestly been deferred, despite broad local support. If the new system proves incapable of managing change, a future government may have to cre-ate special local bodies to over-

tion authorities."

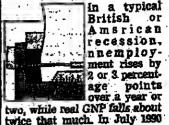
The colleges themselves will need clear and close guidance from their new funding council, Most have only limited experience of managing their own finances; many are small and vulnerable. The polybechnics and colleges funding council has its hands full with only see institutions, and its latest report acknowledges that eight of them face "severe financial whollems". There is some con-

sive elimination of the legal

nesses are the solution. The German government should offer employment bonuses –

PERSONAL VIEW A solution for east Germany

> By George A Akerlof, Andrew K Rose, Janet L Yellen and Helga Hessenins



twice that much in July 1990

the month following German monetary unification— east German industrial output fell by more than 35 per cent. Unemployment, including short-time work, now affects more than 30 per cent of the eastern labour force. There are few signs that the situation is improving.
What is to be done? At the

time of monetary unification, eastern wages were much too high in comparison with east-ern productivity. Since currency union, eastern wages have risen quickly - by almost half since the beginning of 1990. At current wages, by our calculations, enterprises employing only 8 per cent of eastern industrial labour can sell their output at prices high enough to cover their operat-ing costs. Massive lay-offs are occurring. Firms which are los-ing money at these wages can-not be sold to entrepreneurs who will operate them. Thus, privatisation will proceed slowly even if the ambiguity of property rights and similar problems are sorted out. And, at these wages, investment will be insufficient for an east German economic miracle. Wages in eastern Germany last July were eight times as high as in Poland and roughly 60 per cent of US levels.

Businesses are being expec-ted to shoulder the burden of rapid wage rises. Instead, they are staying out of east Ger-many. Why would private busi-ness take on such a burden? How can the political guarantee of high income for east-erners be reconciled with the need for realistic labour costs? Wage subsidies to eastern busi-

payments which are a specified fraction of each worker's wage – to all private non-agricultural firms, new and old, hiring workers in eastern Germany. The reduction in labour costs would enhance profitability and the desirability of eastern firms to investors. State-owned enterprises could be privatised hy auctioning them to the highest bidder. The new owners would restructure them. Those which cannot be sold

would be liquidated. Wage subsidies would enable many eastern firms to price their products competitively in relation to their quality. These firms could thus be privatised. More important than the preservation of jobs in the old state-owned enterprises, large wage subsidies would encourage the new investment needed

in a typical to modernise the economy. British or Direct investment subsidies Direct investment subsidies are now being offered to stimulate capital formation. Wage subsidies also stimulate new investment by raising its pricitability.

Wages subsidies would create an environment in which market forces can work. They create the correct incentives for investment, the creation of jobs, and the liquidation or sals of state-owned property.
Privatised firms which respond
to market signals will be the
real source of the transition to a western economy, since they have appropriate incentives to raise productivity by introduc-ing new management, technology, products, and work habits. Employment bonuses would reduce migration. In February,

we surveyed eastern workers. We found that most easterners want to stay in the east as long as work is available, even at current pay, which is roughly half that in the west.

Best of all, wage subsidies may actually save the govern-ment money. The large wage subsidies required to reduce eastern unit labour costs to world levels are costly. But most of these costs will be incurred in their absence, since the German government is already committed to a generous programme of unemployment benefits. The direct costs of wage subsidies will be offset by reduced governmental payments of unemployment insurance benefits, as well as higher government revenues from income taxes, social security

contribution and enhanced receipts from the sales of for-mer state enterprises. Wage subsidies should be part of a social contract: unions must agree to wage restraint in return for the employment bonuses which will insure jobs. To discourage such wage increases we pro-pose an automatic decrease in subsidies if eastern wages rise. In particular, we recommend that wage subsidies be made proportional to the gap between western and eastern wages. This scheme not only eliminates the tendency of unions to ask for higher wages, but is also self-terminating: wage subsidies will automati cally wither away as the east

catches up with the west.
What are the alternatives to employment bonnses? The main alternative is a laissez-faire policy of waiting. Eventually, high eastern unemployment will lower eastern wages. Eventually, enough investment will occur for east German productivity to reach German productivity to reach shows that these outcomes, if they occur, take a long time. migrate to the prosperous west German states. Since east Germans do not want to move, employment bonuses to speed the eastern transition make economic and political sense.

Lamont **OBSERVER** mints it

needed. By a happy

a sharp swing into

public-sector deficit.

coincidence, however, the result is that the Treasury has

for the government at a time

Well connected

■ Good economists seldom

seem to retire these days, so

it comes as little surprise to find that Christopher Johnson,

60, has been appointed UK adviser to the Association for

the Monetary Union of Europe

within days of announcing thet he is to leave his post as chief

In his new job, Johnson will

businessmen what is involved

in the increasingly likely move to monetary union and a single

and the banks, but will also be active in spreading the word to MPs and civil servants.

Two ettributes which will

help him in his new post -

his array of contacts and a

quietly persuasive manner -owe much to an earlier career.

Before joining Lloyds in 1977

Paris correspondent,

he spent 16 years at the FT, where he was was successively

diplomatic correspondent and

foreign editor. He ended his

Enterprises division and a director of the company.

FT days as managing director

European currency. He will focus his efforts on industry

economic adviser at Lloyds Bank.

spend much of his time explaining to British

ecured interest free borrowing

when Lamont is presiding over

■ Chancellor of the Exchequer Norman Lamont has been having a bad few days. First came the gaife in which

be said rising unemployment was a price worth paying to get Britain's inflation down: next, then reports that he was going to sue the sex therapist who has set up shop in his west London home; and now, to cap it all, the Treasury and Civil Service Committee is cracking the whip over what can fairly be called a Treasury coinage scam.

A report from the committee vesterday could find little good to say ebout the latest series of changes to the UK coinage system for which Lamont, as Master of the Mint, is ultimately responsible. Clearly, the committee

regards the system as inconvenient, with the seven denominations in currect use excessive. It suggests getting rid of the heptagonal 20p coin and criticises the microscopic and almost weightless 5p for an over-swift introduction. Its most serious quibbles. however, are reserved for the 50p piece. Not only is it too heavy, the committee says,

but its existence has become

unnecessarily costly.
The reason is that the introduction of the £1 coin has killed demand for 50p pieces, producing what the committee describes as a "chronic surplus." As a result, London and Scottish clearing banks are having to store them.

With the current surplus of the things running at 50m coins, storage is a weighty problem - so much so that outside contractors are having to be used. Worse, since the coins earn no interest, the banks sitting on £25m worth of them are suffering a marked loss of revenue.

Oddly, the Treasury goes

oo insisting that the 50p pieces

must be kept in existence, on

the somewhat suspect grounds that they will eventually be

Wounded knee ■ Central Independent Television, the Midlands station perhaps best known for its Spitting Image satirical puppet show, has found itself on the receiving end of criticism over an apparent bonanza for directors in the



"I asked for a Saddam wristwatch and a pair of boxer shorts to be taken into consideration."

current competition for franchise renewals.

If the company succeeds in retaining the Midlands franchise, it seems, six senior executives will stand to share a total cash bonuses of up to £1.35m provided they serve out their contracts. Fair enough, one might think: other independent television stations are planning to reward their executives similarly if they win. Except that, since nobody is bidding against Central for the Midlands franchise, it seems like money for old rope. Central yesterday put up a robust defence of the deal. Tying in a strong executive team in this way was

undoubtedly a factor in staying off the threat of a rival bid, it said. And how could it have a foreseen that no competition would emerge when it drew up the agreements last year?
"It's like asking why Spurs put Gazza on the team for the Cup Final on Saturday when he was going to be taken off with a torn ligament after 15

minutes," it said, in an analogy which left one struggling to identify Central's wounded

Exit Traub ■ Over the years Marvin Traub, chief executive of Bioomingdale's and a dapper favourite of the New York

gliterati and gossip columnists has become almost synonymous with the famous department store chain. Now they are parting company.
When the cash-hungry Campeao Corporation put Bloomingdale's on the block In September 1989, Women's Wear Dally proclaimed that the chain "belongs to Trauh" But 66-year-old Traub failed in his attempt to acquire the chain of 17 stores he had run since 1978, and Bloomingdale's, along with Campeau's Federated and Allied US retailing empire, filed for protection from creditors under Chapter 11 of the federal

under Chapter 11 of the federal bankruptcy code.
Although Traub presided over Bloomingdale's decline, analysts said his reputation as a retailing wizard was not tarnished by the problems that have plagued Bloomingdale's since the Campeau acquisition. He was not responsible for the leverage which led to the Chapter 11. Nor was ha Chapter 11. Nor was ha responsible for the recession. says one analyst. Bnt Bloomingdale's has been criticised for oot cutting costs sufficiently or improving branch stores.

heen due to run till 1993, will remain until August to help with the transition. His suitably glitzy successor is Michael Gould, 48, who has been head of Giorgia Beverly Hills, the Los Angeles-based fragrance operations of Avon Products, since 1987.

Fishy

■ How many surrealists does It take to change a lightbulb? YOUR VERY OWN MOTORWAY...



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of the US, the world's two largest vehicle makers, have been battling it out in Europe for years. But while GM seemed to accumulate only losses, Ford had a string of successes. Now the roles are represent eriol. Indica i p. n. and Helga Hessal roles are reversed.

GM's European operations achieved record net earnings last year of \$1.915bn, while the profits of Ford's activities in Europa plunged by 79.6 per cent to only \$263m. The con-trast is most telling in the UK, the European volume market hit hardest by recession. Ford of Britain, the domi-

nant leader of the UK car mar-ket, disclosed last week that it had plunged into loss — a pretax deficit of 2274m - for the first time in 20 years. To rub salt in the wound, Vanzhall, GM's UK subsidiary, a chronic loss-maker for much of the last two decades, had revealed days earlier a record pre-tax profit of £239m.

Ford, the number two US car maker, had grown used to being able to count on its European operations to help bail it out in troubled times - it was

Creating excitement around a product is imprecise, but GM is succeeding, while Ford has stumbled

bankrolled by Ford of Europe in the early 1990s — while GM ran np a total net loss of \$2.2bm in Europe in the seven years from 1980 to 1986.

Today, a sense of confidence is coursing through GM's European operations, while there is a sense that Ford has begun to lose its way in the second half of the 1980s.

Ford faces the charge - particularly from British critics -that it has opted in recent years for caution rather than adventure in its approach to the design and development of new products. Its present engine range is much criticised for baving fallen behind tha competition. It has endured a period of unhappy industrial relations, most particularly last year in the UK and in Belgium, and it has appeared to fall behind some of the labour relations innovations achieved by its rivals, not least GM itself

in Europe. Last year Ford was over-taken by GM in the western European new car market for the first time, with GM taking over fourth place behind the Volkswagen group, tha Fiat group and Paugeot, which includes Citroen. The GM group captured 11.8 per cent of wastern European new car

Ford flounders in a reversal of roles

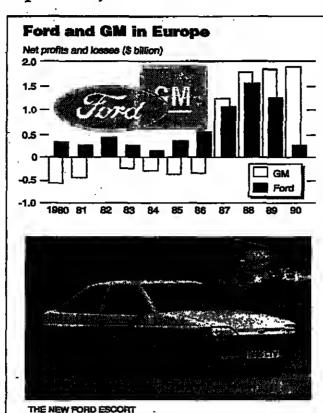
The US car maker is falling behind some of its European competitors, writes Kevin Done

sales, marginally ahead of the 11.5 per cent taken by Ford. Apart from its strategy deci-sions for new products, the big-gest gamble Ford has taken recently in Europe is the costly £1.56bn takeover of Jaguar, the UK luxury car maker. The profitability of its traditional profitability of its traditional core Ford operations in the UK slumped last year, but it was the financing costs for the Jaguar acquisition and the luxury car maker's continuing heavy losses that pushed Ford of Britain into such a heavy loss. Car makers spend hundreds of millions of pounds over several years on developing new production generations. Last year Ford launched its important new generation of Escort/Orion small family car range following an investment of

following an investment of more than £1bn in a five-year development programme, the largest sum it had ever spent in Europe on a new product. The Escort/Orion has been Ford's most important car range in Europe, accounting for about 40 per cent of all its European car sales. Instead of the expected plau-

histead of the expected plaudits the car was panned by the UK motoring press. "Ford's new Escort meets its rivals and loses," proclaimed the front page of Autocar & Motor, one of Europe's leading motoring magazines. Antocar followed up brought entitle this lowed up bravely earlier this year with a re-appraisal, and concluded: "The direction, the aspirations of the range are as middle of the the road as ever." Creating the necessary sura of excitement around a product is an imprecise art, but for the moment GM is succeeding, while Ford has sumbled. The present confidence at GM in Europe has been prompted by product successes that have added a sense of dynamism to its Opel and Vauxhall

marques.
Ford was clearly trumped hy
GM's launch last year of its
sporty Opel/Vauxhall Calibra
counes. This was a market
niche, which Ford had earlier
dominated with its Capri, but which had been largely vacated to Japanese competitors before the successful introduction of GM's Calibra. For the moment Ford has no rival



offering. GM's new generation Opel Vectra/Vauxhall Cavalier has Vectra/Vauxhall Cavalier has scored heavily against the ageing Ford Sierra, which is not due for replacement until 1993, while the Ford Escort/Orion appears to have failed to open up a generation gap over GM's present eight-year-old Opel Kadett/Vauxhall Astra.

Ominously for Ford, the Kadett/Astra will be replaced by a naw generation Astra

by a naw generation Astra range in the autumn, while the successor for the best-selling car in this class in Europe, the Volkswagen Golf/Jetta, will also be unveiled this autumn. In the autumn GM will steal a new march on Ford, when it launches its Opel/Vauxhall Frontera, a four-wheel-drive leisure ntility vehicle, into another growing specialist niche of the European vehicle market, where Ford is currently unrepresented.

Ford has allied itself with
Nissan to develop a rival to the Frontera - the GM vehicle is derived from a model launched earlier by Isuzu, its Japanese affiliate – but the Ford/Nissan vehicle is not axpected to

appear before 1993. In the UK, Ford'a single largest market, all car makers have been hit by the recession, but Ford is under-performing the falling market. The erosion of its market share has been under way for some time with a fall from the peak of 30.9 per cent in 1981 to 25.3 per cent last year. The erosion accelerated to only 23.4 per cent in the first four months of this year. While the UK looms large in Ford's European fortune not just in terms of sales, but also in terms of design, development and engineering, vehicle assembly and compo-

nent production including, most importantly, engines – too narrow a focus ignores its outstanding recent success in some other European markets. It has enjoyed marked gains in Italy, much to the discomfi-ture of Flat, thanks especially to the breakthrough achieved by its new generation Flesta small car launched in 1989, and backed more recently by the naw Escort. Ford may be naw Escort. Ford may be accused of buying market share in Italy through very competitive pricing, but it has managed to boost its market share to 11.1 per cent in Italy in the first four months this year from 7.2 per cent in the corresponding period of 1989. This is an extraordinary performance in an industry where gains are often measured after

formance in an industry where gains are often measured after the decimal point.

It is also scoring heavily in France, another market dominated by small cars, where Ford increased its sales by about 13 per cent in the first four months this year, compared with heavy falls suffered by Peugeot, Renault, Fiat and Volkswagen.

Importantly it is also gaining

Volkswagen.
Importantly it is also gaining some ground in Germany, the one new car market in Europe that is enjoying dynamic growth in new car sales this year in contrast to the gloom emanating from most other parts of Europe.
Ford argues that its financial

setback last year in Europe, and in particular in the UK, was only a stumble brought on by a series of special factors, some outside its control. Mr Lindsey Halstead, Ford of Europa chairman, has launched a campaign to make the corporation less burean-cratic, to take ont layers of middle and senior manage-ment, and to push the decisionmaking process to lower levels in the organisation.

He argues that the first fruits of a "truly huge" pro-gramme to renaw tha comgramme to renaw the com-pany's engines and transmis-atons will be seen this year and that hy the mid-1990s all its engines will have been rede-signed or improved.

In 1993 Ford will launch its

new generation Sierra, a car that will be vital to its chance of wresting the initiative back from GM. It is developing with from GM. It is developing with Volkswagen a "people carrier" to challenge tha Renault Espace, which will take it into a niche, where GM is absent, and it devoting growing resources to developing a two-troke engine to power a new genaration of mini-cars, smaller than the Fiesta.

Such moves will determine Such moves will determine Ford's fortunes in the mid-1990s, and how successfully it can put its present financial woes behind it.

Joe Rogaly March on London



General Kinadvancing on London. This morning the leader will fire off yet

icy paper. There is to be a new authority, a "voice", for the capital city. I will come to this much-recycled proposi-tion in a moment, but first note that of the 100 marginal seats that Labour needs to win if It is to command a working majority in the House of Commons, no fewer

than 24 are in the Greater London area. Capture London, and you probably have Downing Street in the bag.

Today's campaign was preceded by yesterday's softening up. The Labour spokesman on transport, Mr John Prescott, proposed a new puick and proposed a new quick and cheap railway line around the city, to keep traffic out of the centre. The Labour-controlled Association of London Authorities (ALA) published a report dascribing tha run-down state of London's schools. These and similar broadsides will be followed by an ALA symposium on Friday; there Labour will deploy both the Henley Centre for Forecasting and Baroness Tessa Blackstone. Heaven

help the government. We should not be overly bedazzled by this latest example of Labour's apparently relentless competence. The releatiless competence. The opposition's mastery of strategy stands out against the recent public floundering of the Conservatives, but that is all. We have yet to see the Tories at their best. Their fight-back has only just begun. They might point out that the London Labour party is not yet completely purged is not yet completely purged of loonydom; many of today's prudent pragmatists are yesterday's ranting rabble-rous-ers. I suspect that Mr Kinnock and his colleagues plannad the London spectacular somewhat hastily, in anticipation of a June election. If so, ammunition will have been

But a plan is a plan. London it is. So, borrowing Yankee flair, Mr Kinnock will travel down the Thames through this morning's early mists. He will be accompanied on a pleasure boat by Glenda Jackson, Melvyn Bragg and other actors and TV personalities, not to mention the star of London borough government, Mrs Margaret Hodge of Islington and the ALA. (It is not clear how many other Cleopa-

tras will be on the barge.)
With half a dozen members of his shadow cabinet in attendance, Mr Kinnock will announce that Labour proposes to create a new "slimline" strategic authority to run London. It will be elected. Its sources of finance will, I suspect, be obscure. To give it initial clout in Whitehall, par-ticularly on transport and road planning, a minister for London may he in charge. This is apparently preferred to an elected mayor, which to an elected mayor, which some want. "It's not Clint Bastwood that London needs," says Mrs Hodge. "It's the fistful of dollars." Bereft of locally-raised finance, any local authority is more likely to produce David Dimkins.

'We don't need Clint Eastwood we need the fistful of dollars'

What would this Greater London Anthority do? Very little, and a lot. As I understand it. it would not take over London regional transport, but set itself up as a regulatory agency, overseeing invest-ment, fare and safety policies. It would not build houses or run the schools, although it would assume responsibility for post-16 education. Even the fire hrigade may not be managed, merely regulated. Control of the police could be transfarred from the Home Office. There would, however be a great deal of regional strategic oversight, and much is likely to be said about providing a voice for London.

The natural riposte is that

Labour is merely hringing hack the Greater London Council That would be truly awful. I fancy that it was in these columns that the first call for the abolition of the wasteful, hopelessly bureau-cratic GLC was aired; we are all better off without it. But Labour knows thet. The GLA, if that is what it is to be named, will be promoted as something much less formida-ble than the GLC, let alone

the old London County Coun-cil, which Herbert Morrison made into a personal power base and the home of municipal socialism in the 1930s. Suitably circumscribed, an

elected authority that can desirable. Paris is promoted by President Mitterrand himself; Glasgow and Birmingham have benefited from a nurturing of the civic image. London is a series of orphans. All that has spoken for these lonely boroughs since the GLC closed down is something called a residuary body. If it is to remain the financial services capital of the European Community London needs to become a place in which people who are rich enough to choose want to work. That means putting more money into transport and more thought into the conservation of the capital's built heritage, its new development plans – and its image. The old City corpora-tion with its preposterous Lord Mayor might he preserved in showcases aloog with the Tower of London, but it should not be an island of antiquated guild govarnance within any new GLA.

The Tories could have pre-

empted today's manocuvre. It is all there in Labour's plans for regional government. printed and launched many times over. There is, however, a well-founded Conservative suspicion of London-wide councils. They have a defect: Labour tends to win control over them. That is to the good. It is essential, in our centralised elective dictatorship, to establish local, alter-native, centres of power. But none of this is part of contemporary Conservative thought. So Mr John Major busied himself yesterday with an attempt to set his own political agenda, initially on national education policy. That is the subject of discussion elsewhere in these pages.
Tactically, he may be right to
keep off London-talk this
week. Yat the Conservatives
would be better-placed if they conid learn to outflank Labour's easily predictabla manoeuvres. It is far too soon to start joining the distant chorus heralding a Labour triumph. That may never come. But if political strategy is to Kinnock is well in the lead.

LETTERS

Why the pay game has now changed

for the established system

Sir, Your editorial on Friday ("Fiddling while the jobs go") hit the nail on the head strongly and accurately. The game has now changed, and gains in real wealth -

.... 22

VERY OWN

ORWAY...

ORCHESTRA

either in terms of a company's prosperity or the level of its amployees' pay - will now have to depend on maintaining or improving unit costs relative to overseas competitors.

There can be no place today

Incidentally, recent pay awards in the public sector suggest that the government has hardly come to terms with

From Mr Karl A Ziegler. Sir, your leader "US versus the World Bank" (May 13) sets out a balanced argument for US support for a major capital increase to the market orien-tated activities of the banks' International Finance Corporation affiliate.

tion affiliate.

In my own experience in international; banking, the IPC's support for the creation of indigenous national capital markets and co-financings between itself and privata banks and companies have helped many developing countries to be weamed of depen-dency on development aid. These countries have been assisted into credit-worthiness
- surely the best incentive to attract back their own nationals' often considerable "flight capital" into internal invest-

The bank itself should more aggressively support these moves away from aid dependancy by more forcibly demanding "good governance" and accountability in their client states. The recent Joint IMP/World Bank Development

both severe unemployment and major corporate distress.

where future pay is either set by shadowing the inflation of the previous 12 months, or in relation to some notional "going rate" of increases. The persistence of these tra-ditional attitudes will cause both everes unemployment and As you rightly say, both co-ordination and leadership in

brought.

pay bargaining is essential given the severe difficulty for organisation in changing the system on its own.

decision to enter the ERM has

The Weir Group, Cathcart, Glasgow

Backing for IFC in financing developing countries

Committee memorandum discrediting "excessive military expenditure" (often signif-icantly higher than domestic health and education spendings) is a positive step in this The bank's guiding principles of lending more and more to government agencies annu-

ally and counting on "trickle-down" effects to the poor, has simply not worked. Borrowing billions in the world's capital markets at lowest rates, based on its rich sponsor-induced triple A credit rating, simply cannot be justi-fied in future, when the bulk of these funds are lent onward to non-self-liquidating mega- pro-jects, often unsuited to developing economies and often rid-dled with adverse social and

The bank's overall goal should be to make itself redunand creditworthy. Karl A Ziegler, 6 Brudbrook House,

dant - by encouraging governments to be open, accountable Studio Place, Kinnerton Street, SW1

From Sir William Ryrie Sir, I greatly appreciate your support for a substantial capital increase for the Internationa Finance Corporation, the private sector affiliate of the

> Allow me to correct you on one point, however. The leader says that the "performance of IFC's loan portfolio has been weak." This is certainly not the case. IFC enjoys a triple A rating from the New York ratrating gencies and one of those agencies, Moody's, recently reported that: "The financial performance of IFC's losm and equity portfolio has improved steadily and is now at a very sound level." Our non-accura rate this year will be about 4 per cent, a truly remarkable performance considering that

World Bank (your leader of

we lend only to companies in third world countries. Sir William Ryrie executive vice president International Pinance Corporation 1818 H Street NW Washington DC 20433

Electricity price burden that hits large users

From Mr Doug Rodger Sir, The article by Juliet Sychrava on the annual report of the Office of Electricity Regulation: (May 15) may give an accurate summary of the report's contents, but the head-line — "Power prices fall by up to 15 per cent for big custom-ers" — is misleading. The price reductions in ques-

tion occurred in the second quarter of 1990. Because this was not made clear, it might be assumed that the statement referred to the recently completed price negotiations.
The "big" customers which

"up to 15 per cent" are, in fact, the smallest users within the contract sector. For the really large users the outcome of the 1990 price negotiations was typically a reduction of 8 per cent, and the recent negotiaincreases of 15 to 25 per cent for this group of customers in England and Wales.

Over the four-year period since 1967 large users of elec-tricity in England and Wales have suffered a 40 per cent increase in prices, while comparable prices are down 2 per The "big" customers which cant in Germany, up 5 per obtained price reductions of cent in France and up 1 per

cent in the Netherlands. This association welcomes the price reductions obtained by the smaller industrial users, but competition in electricity supply cannot be said to be working well until tha new regime offers prices that allow its largest customers to compete on an equal basis with their overseas competitors. Doug Rodger, executive director, Business Develops Chemical Industries Association, Kings Buildings, Smith Square, London SWIP 3JJ

Sound advice

From Mr David Blake.

Sir, The Treasury seems to have had no success so far in finding a new chief economic adviser to replace Sir Terence Burns following his promotion to permanent secretary at the Treasury. I snggest that it adopt the system imposed on the television industry.

Applications should he

invited from candidates, who would be required to pass a "quality threshold" (for example, six O-levels, pass degree in transport economics, Nobel prize, or other qualifications).

The post would then be given to the candidate who, in a sealed bid, indicated that he would take the job for the lowwould take the job for the low-est salary, or make the biggest payment to the government. This would reduce public spending and remove any sug-gestion of arbitrariness about allocating the job. It would also be a statement of confidence by the government economic service in the technique the government is using in the television industry, thus rebutting the criticism this has attracted.

42 Wilmington Square WC1X OET

Britons in Iraq

Additional distribution of the state of collection of the state of From Mr M C Lowe. Sir, Your editorial, "Protect-ing Iraqis" (April 29), should also have added "and UK citizens". One UK citizen, Ian Richter, has been in a Baghdad prison for five years on trumped up allegations of corruption while working on a clean water system for Baghdad. Another, Douglas Brand, has just been sentenced to life imprisonment for alleged spy-ing. He was abducted while helping to clear the Shatt al Arab waterway of mines.

Before there is any talk of resuming any kind of relationship with President Saddam Hussein's regime, the British government and British industry should demand the return of these two fellow citizens. M C Lowe,

managing director, Schaffner EMC, Headley Road, Woodley, Reading, Berks.

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Tokyo strives for harmony with Brussels

Economic disputes will complicate the EC president's visit, reports Stefan Wagstyl

R Jacques Delors is due to arrive in Tokyo tomorrow on the first visit by a European Community president to Japan

for five years. Both sides want the trip to mark the start of a new relationship in which the agenda will no longer be dominated by trads disputes. Politics must figure as prominently as economics, say officials.

Brussels and Tokyo are both concerned that contacts of all kinds between Japan and Europe pale in comparison with contacts between Japan and the US and between Europe and the US.

But Japanese officials seem far more worried about this state of affairs than their European counterparts. For Tokyo, cool relatious with Brussels are a reflection of the ignorance of many Europeans about Japan. As a foreign policy expert in Tokyo puts it: "It's not that we have had poor relations with the EC. For a long time Europeans thought that we simply didn't exist. Now at last they are taking

Brussels sees things in a more hard-nosed way: improved political relations improved political relations have to go hand-in-hand with progress towards economic harmony. At a press conference yesterday, Mr Jean-Pierre Leng, EC ambassador to Japan, said: "Unless we are on the right track (towards solving economic disputate)."

West must

aid Soviet

reform says

MR Jacques Delors, European Commission president, will have left for Japan with the president, will have left for Japan with the advice of Mrs Edith Cresson, the new French prime minister, George Graham writes from Paris. In Tokyo, the BC announced a trade promotion programme, initially budgeted at Bcn 7m-8m. Mrs Cresson, who last week criticised Brussels' attitude to imports of Japanese cars as "laxist", repeated her attacks on

possibility of real, deep politi-cal co-operation between us."

Europeans' view of Japan came last week with the applont-

ment as French prime minister of Mrs Edith Cresson, an out-spoken critic of Japanese trade

spoken critic of Japanese trade practices. Mrs Cresson said a year ago: "Japan is an adversary who does not accept the rules of the game and whose overwhelming desire is to conquer the world." Any hope that she might have changed her mind disappeared last week when she said that while Europe was open, the Japanese economy was "hermetically sealed."

In public, officials at the Jap-

In public, officials at the Japanese Ministry of Foreign Affairs said they would have to see whether Mrs Cresson's bite was as bad as her bark. In private, they are apprehensive. EC diplomats said that Paris did not speak for Brussels. "She is one voice among 12," was one view. Nevertheless, Mr Delors should not be surprised if he is asked more questions.

if he is asked more questions about Mrs Cresson's impact

than anything else.

Recent trade figures have

Ireland's Democratic Unionist Party. He was dressed in an elephant grey suit with waist-coat as he stood beside his car outside Stormont parliament buildings near Beifast. He insisted that the ultima-tum set by Mr Peter Brooke, Northern Ireland secretary, should be withdrawn. "It is an ultimatum agreed with Dublin; it is Dublin's ultimatum." Mr

it is Dublin's ultimatum," Mr Paisley said, hardening his 'a's so his last word grated with menace. Mr Paisley was being simplistic – and knew it.

There were no easy solution:

yesterday to the improbable

wrecked Mr Brooke's talks ini-tiative. Instead there were

lengthy, inconclusive, bilateral

meetings to clarify what had been agreed at last week's

meeting between Unionist leaders and the prime minister. An

air of futility has descended over the grandiloquent but lit-tle used parliament buildings

at Stormont - a symbol of the

at Stormont — a symbol of the past pretensions of Northern Ireland's political leaders.

The dispute is over Mr Brooke's proposals for the second stage of talks, when the government of the Irish Republic will enter negotiations. Who has a veto over the independent chairman? Where precisely will they take place in Northern Ireland? How much

Northern Ireland? How much has to be agreed before the first strand of talks - on a

devolved government - can proceed? The nationalist Social Democratic and Labour Party

was deliberately reticent - as if confident of the Unionists

proving their own worst ene-

"Hope springs eternal," said Mr Seamus Mallon, deputy leader of the SDLP. Their posi-

tion was the same as it had been before the Unionists'

flight to London for talks with Mr John Major, Britain's prime

Continued from Page 1 studied 28 Soviet settlements which had been contaminated to different degrees with radio-active failout, and seven uncontaminated settlements as

controls. They covered areas in which the population is officially put at 825,000.

The project involved nearly 50 missions to the Soviet Union

and what the report calls

open and frank conversations

A sharp reminder of some

Japan was welcome to invest in camera

and motorcycle plants in Europe, she said, because those European industries were already dead, but it was not doing so. But the European electronics, computer and car industries must form alliances to avoid

Japan's protectionism on French television

Impressionist paintings.
Brussels will not be satisfied given ammunition to Mrs Cresson. They show that after with macro-economic answers. declining steadily in the late 1980s - to \$20.7bn last year - Japan's trade surplus with It concedes that European companies need to do more to the EC has grown rapidly in break into the Japanese marthe past six months. In April, the surplus with the EC exceeded that with the US for the first time in eight years. Japanese officials blame

macro-economics for this set-back. The slow-down in the back. The slow-down in the Japanese economy has been particularly noticeable in sales of luxury goods – including French fashions, Italian jewellery and German cars. This is only natural, say Japanese officials, in the light of last year's upheaval in Tokyo's financial markets. Moreover, continuing However, Brussels also wants action from the Japanese government on a bost of issues, including better access for financial companies to Japanese fluancial markets and an easing of barriers to imports of food, leather goods and electronics. Mr Delors said recently that he wanted "a spirit of reciprocity" in economic relations—meaning more market-opening mores from Jersen. markets. Moreover, continuing strong growth in Germany, hoosted by reconstruction work in the former East Germany, has supported demand for Japanese goods in Europe.

Also, a quirk in Japanese statistics makes the picture look worse than it is - art imports are classed as coming from the country of the artistics. ing moves from Japan.

pean car companies need to be given time to adapt to international competition. Japanese officials hope that despite the time that will have to be devoted to these eco-nomic problems there will also be opportunities at meetings between Mr Delors and Mr Toshiki Kaifu, Japan's prime minister, to discuss political

The most important immediate task in this field is to complete work on a joint declaration on EC Japanese relations—which would be similar to those agreed by the EC and the US. The declaration would ket yesterday in Tokyo the EC delegation announced a Ecu7-Ecu8m (\$8.3m.\$9.5m) plan to boost exports in five markets — food and drink, furniture, jewellery, Isisure equipment and measuring instruments.

However Brussels also commit the two sides to wide-ranging – although loosely-specified – co-operation in many areas. However, progress has been held up by EC demands that it should be accompanied by improved trade relations. Japan's best hope now is that the document will be signed during the sum.

At the same time, the EC is fending off Japanese claims that the economic integration of Europe after 1992 will create Mr Kaifu can hope to maks more than symbolic progress in the political field. But they a protectionist fortress. Ths key issue is cars. Japanese car-makers accept that their

will be signed during the sum-mit of leading industrialised nations in London in July.

In the light of the EC's strong wish to keep pressing Japan on economic issues, it is hard to see how Mr Delors and

want to make sure that cars made at Japanese plants in Europe will not be restricted. Mr Delors has said that Euro-

The most important immedi-

are starting from such a low level, that even a symbolic first step would be a start. Consumers pay, Page 7

Zulus agree to curb use of 'cultural weapons'

sacked.
The ANC's boycott of constitutional talks is largely a symbolic action and is likely to lead to no major setback in the

away from a peace summit planned for later this week is ference because they say the

Inkatha Freedom Party, sald in a joint statement after talks at Uluadi, capital of the Kwa-Zuln homeland, that they had rying of so-called "cultural weapons" in areas of unrest. The talks also included the Zulu King Goodwill Zweli-

Pretoria's failure to impose Preturia's failure to impose a ban on spears prompted the ANC's decision on Saturday to boycott talks on a post-apart-held constitution. The ANC

The ANC is insisting that it will not agree to enter consti-tational talks until four other areas of disagreement are resolved: over the powers of a planned commission of enquiry into violence; over the disciplining of police officers involved in township killings; over the disbanding of counter-insurgency units; and over the organisation's damand that two security ministers be

Air of futility descends upon talks over future of N Ireland By Ralph Atkins in Belfast "THERE is a way out of this impasse," rasped the Rev Ian Paisley, the voluable and mon-umental leader of Northern Ireland's Democratic Unionist

from the country of the artist's

origin, so Europe's exports have been hit by the slump in

Japanese purchases of French

Yavlinsky By Leyla Boulton in Moscow

MR Grigory Yavlinsky, the economist who is trying to broker a western-assisted reform package for the Soviet Union, has warned that the west would have as much to lose from a failure of Soviet reform a tangent as the Soviet Plain attempts as the Soviet Union itself.

Mr Yavlinsky, who is currently in Boston to draft an outline reform plan with Harvard economists, said in an article published yesterday that the west could not isolate that the west could not replace of the consequences of itself from the consequences of chaos in the Soviet Union.

predicting the geopolitical implications of the economic collapse of a country bristling with nuclear weapons and atomic power plants. The con-tinued free-fall of the Soviet economy could also spell ruin for hundreds of western com-panies which depended on

But in the article in Izvestia, the government newspaper, he dismissed Soviet fears of abdicating the country's indepen-dence by accepting western

assistance on conditions agreed with the west. "Certainly we will have to review our traditional idea of independence based on isolation from the world. We long prided ourselves on our excep tional nature, without even beginning to understand that the gap between the development of the Soviet Union and that of other countries was not narrowing but widening," he said. He pointed out that the

country had already become so dependent on western imports that its present lack of hard currency threatsned to paralyse several sectors of Soviet

"Today there are all the premises for the appearance of conditions favourable to a qualitatively new relationship between the Soviet Union and the leading countries of the

world," he wrote. He cited President Mikhail Gorbachev's landmark agreement last month with the lead-ers of nine Soviet republics as political consensus within the Soviet Union.

But he warned that unless the Soviet Union undertook rapid reforms to produce concrete economic results, the fragile political harmony could be split asunder by new social and ethnic conflicts. Mr Yavlinsky said he hoped

to complete an outline reform plan by June 15. If agreed by

both the Soviet and US presi-

dents, the plan would then be sent to all Group of Seven gov-

ernments a month before their

with authorities, scientists and especially local citizens that greatly helped the interna-tional experts' understanding of the situation". The main conclusions of the report were: • That it could not directly attribute any health disorders

Chernobyl study rejects illness reports to rediation exposure, and there were no indications of an increase in the number of cases of leukaemia or cancers; That there are significant health disorders - not related to radiation - both in areas contaminated by fallout and in

Rev Ian Paisley: no easy solutions

Mr Paisley and his ally, Mr

Mr Paisley and his ally, Mr James Molyneaux, leader of the Ulster Unionista, had arrived far earlier than required, showing their willingness to embark on the "round-table" talks. Their strategy, at least in the eyes of opponents, relies on bluster and curning to put the blame

opponents, relies on bluster and cunning to put the blame squarely on other participants. "There will be a lot of hard work being done here," said Mr Molyneaux without a hint of irony. "We will not be hanging about, we have business to do."

Mr Paislan added: I want to

Mr Paisley added: I expect to be talking to wboever wants to talk to me." – an unlikely

comment in any other contex

from someone so strongly

opposed to powersharing. Inside, a frustreted Mr

uncontaminated areas; The populace suffers wide-spread worry and stress, which the study puts down to high levels of uncertainly and the threat of evacuation; • The early actions of the Soviet authorities wers "broadly reasonable" and in

line with international guideines;
• Protective measures taken or planned for the longer term appear more stringent than the

experts believe is strictly necessary;

Official procedures used by
the Soviet authorities for estimating radiation doses were
scientifically sound;

Brooke chaired meetings first

with the SDLP and Alliance

Party, then with the Unionists. And then with the SDLP and

And then with the SDLP and Alliance parties once more. Church and political leaders have expressed dismay. Mr Bill McCourt, chairman of the Northern Ireland Con-federation of British Industry

and the two primates of All Ireland joined others in signing a statement saying: "Many

a statement saying: "Many would regard it as demonstrating a sad lack of commitment if the participants were unable even to devise adequate procedures for talks." There were reports, too, of security forces fearing a surge in terrorism if

talks collapse. But not even an alliance of industry, the mili-tary and the church can

change fixed minds.

 Measurement and assessments made by the study group generally corroborate official figures for fallout.
 The report says the size of their task became clear when an interactional expert them. an international expert team

first interviewed people from the three republics in Kiev: "Anxiety about children's bealth and worries over the adequacy of the government's proposed measures for limiting the radiation exposures over their lifetime dominated the

By Petti Waldmeir in Johannesburg

PRESIDENT F. W. de Klerk of South Africa sppears to have won an important concession from Zulu leaders on the carrying of tribal weapons in black townships, paving the way for relations to be restored between the government and the African National Congress (ANC).

Last night, Mr de Klerk and Chief Mangosuthu Bnthelezi, leader of the mainly Zuln Inkatha Freedom Party, said

The accord was understood to include a ban on the carry-ing of spears st political and other gatherings, although such weapons could still be carried at carefully defined "cultural occasions".

neid constitution. The ANC could still object to the definition of a cultural occasion agreed by Mr de Klerk and Chief Buthelezi — but yesterday's accord should form the basis for a deal between the ANC and government.

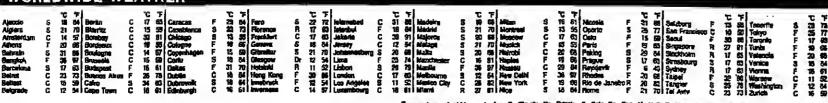
Once the two sides have resolved their dispute over cul-tural weapons, the ANC will demand further action from the government to end vio-

already protracted peace pro-cess: constitutional negotia-tions have yet to begin in any case and no progress had been expected before the ANC elects a new leadership at a confer-ence in early July. The ANC's decision to stay

more significant. The organi-sation's leaders reject the congovernment's own police force is a major belligerent in the violence

Land claim decision, Page 6

July 15 summit in London. WORLDWIDE WEATHER



The shrinking of Walker's assets

Brsnt Walker's gbastly full-year figures will not in themselves determine whether a business with net debts of well over £1.2hn is about to go under. That is a matter for the banks, which will not get a sight of the group's proposed financial reconstruction until later today. But the figures afford certain clues, none of

them encouraging.
Although net asset value has been written down by £690m to been written down by £590m to a mere £189m, there is no guarantee that this is a clean sweep. The directors have put their own valuation on the postfolio of development properties. Had they accepted the figure produced by their own prafessional advisers, the value would have been £103m lower. Other properties not for sale or development have not been whitten down at all. Even on the basis of orderly disposal the basis of orderly disposal rather than liquidation, Brent Walker's net worth may well

Walker's net worth may well be less than zero.

Although the proposed finan-pial reconstruction is not yet public, some details can be inferred. It seems clear, for instance, that Brent Walker does not propose to sell Wil-liam Hill, which is understand-shle given that it amarently able given that it apparently covered its own financing costs asy year. Nor does the plan appear to involve swapping debt for equity, the result being that the group will make a loss after interest charges for the second year running. Last year's true interest charge of figure was only two-thirds cov-

The odds in favour of suc-cessful reconstruction are cessiul reconstruction are tricky to assess, given that there are some 60 banks involved. Since the group's operating businesses are no better than cash neutral, the process of trading out of trouble promises to be interminable. Brent Walker's shares look correspondingly worthless. But hle. Brent Walker's shares look correspondingly worthless. But the banks have probably come too far by now to contemplate the grand gesture. The likelihood is that, like the empire of Mr Alan Bond, Mr Walker's will go out with a prolonged whimper rather than a bang.

Retail sales

It would be bad news indeed for the UK Government if four successive interest rate cuts since February had not produced any perceptible improvement in consumer confidence. day's ret at least suggest that the long decline in high street spending may have bottomed out. April's 3.5 per cent monthly fall in volume from the month

Brent Walker Market Capitalisation (£m)

before may have been the largest since July 1979. But it was largely expected after the VAT scramble in March, and still leaves retail sales for the last three months ons per cent higher than in the previous

quarter. The question is whether The question is whether even this gentle rise can be sustained. On the plus side, the sharp fall in headline inflation is boosting the real incomes of the majority still in work. Further cuts in interest rates also look guaranteed, the only question being one of timing. Even if house prices take a while to respond, turnover in bousing may recover more quickly. may recover more quickly, with an immediate effect on sales of consumer durables.

But there are some pretty weighty negatives. Rate cuts are slow to work through to mortgage payments, and unemployment is set to go on rising even after output picks up. Base rates will have to fall a long war further to bring a long way further to bring a sustained recovery in con-sumer confidence. The problem is that, with underlying infla-tion still stubbornly high, good nsws on the retailing front may in itself make the authori-ties hesitate in relaxing monetary conditions further.

AB Foods

Mr Garry Weston must be thanking his lucky stars that he won the battle to buy British Sugar. Without its profits contribution, AB Foods 12-month performance would at best have been static. As it was, pre-tax profits to the end of March were 12 per cent better at £317m. At last the group has a way around the cyclical depression holding back its milling and baking operations. In the three months since acquisition, British Sugar con-

tributed £32m of profit, com-fortably ahead of financing

costs. Medium-term questions

about the European sugar regime mean political risk will

continue to overhang its pros-pects, but there are significant pects, but there are signment, cost benefits to come it is now strongly cash positive and should help push ABFs 1230m by the new year end in September, thus allowing further

ber, thus allowing further diversification.

The contrast with milling and baking is instructive. The number of independent millers is reckoned to have faller by a third last year, but the reduction in capacity merely matched the decline in the market. ABF's profits in this division were flat after allowing £12m for closing three bekeries and some redundancy. eries and some redundancy costs. As for an improvement in margins or an end to the price wars, there is no sign of either. Assuming 2330m pre-bax for the year to September, the shares at 510p are not expen-sive on a multiple of around 10. The outlook is not particularly exciting; but ABF is doing about as well as its markets

Football clubs

The knee injury sustained by Tottenham Hotspur's star player last weekend is of most immediate relevance to the cluh's tense financial relega-tion battle with Midland Bank. But it is also pertinent to Man-chester United, whose public flotation this week promises to raise roughly £17m.

The question is how to value footballers in a chub's balance

sheet. The two clubs adopt very different styles. Mr Gas-coigne and his team mates at Tottsnham are intangible assets, entered at cost. They are then awarded a residual value under rules drawn up by that noted international accounting authority, UEFA, with the difference written off over the contract period. Manchester United, by centrast, writes off its human acquisitions in year one, partly because it fears European moves to outlaw the whole transfer fee system. Anxious to persuade investing institutions that football clubs can be conservatively run, the club's intention is to build up a transfer fee reserve in the good years so that spending on the big stars does not affect the

dividend.

As for Tottenham, bedside bulletins would appear to be the most important indicators over the next few days. Even intangible to Lazio for £8m-odd, the real obstacle to survival looks like the club's directors as much as its finan-cial position.

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CAR OF THE FUTURE

Tuesday May 21 1991





Environmental issues will be as important as technological advances in shaping.

writes John Griffiths. Concern has grown over exhaust emissions as more vehicles take to congested roads. Will new solutions be found

Target for a health drive

CONCERN about atmospheric pollution, global warming and traffic congestion, allied to sombre images of Kuwait's burning oil wells, ensure that future cars will be shaped as much by legislation as by consumer preferences.

Memories of fuel queues in the 1970s oil crises proved

to ease traffic flows?

the 1970s oil crises proved short-lived. The world's car industry quickly found itself so that most care catering to the demands of as a decade ago.

comfort and performance, rather than energy saving or exhaust emissions.

As a result, the considerable strides the industry has made in weight-saving, "slippery" serodynamics and engine effi-ciency have been partially obscured by consumer demand for better equipment and trim,

continued to duck the measure that could most readily curb the world's most profligate wehicle fuel users — a gasoline tax lifting the current \$1 a gallon closer to the \$4 level paid by most of the world.

Yet California, in particular is providing the main catalyst for change in the car of the future, at least in terms of air polintion and the controversial issue of global warming. the car of the future.

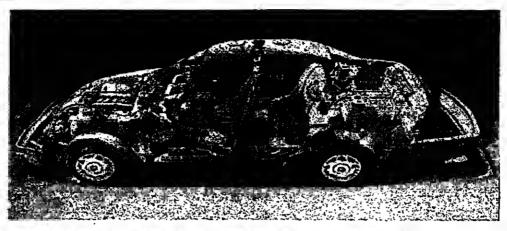
issue of global warming.
From 1994, under Californian
stata legislation, the percentage of vehicles with drastically
reduced exhaust emissions reduced exhaust emissions must rise every year under a programme lasting until the year 2010. In 1994, 10 per cent of cars sold must be "transitional low emission vehicles". From 1995, "ultra low emission vehicles" must start appearing and from 1998 2 per cent of sales must be of bettery-powered cars, rising to 10 per cent by the year 2003.

That means around 100,000 electric vehicles a year and the birth of a new industry.

birth of a new industry.

These standards are simed at sharply reducing the carbon monoxide, hydrocarbon and nitrogen oxides emissions which often reduce Los Angeles air to atmospheric soup. Their technical feasibil-ity remains uncertain – even allowing for the ritual protests of an industry faced with spending billions in attempting to comply with them.

Yet their effect, and the motor industry'a uneasy awareness that where Calif-



Toyota's leisure van (left) qualifies as a Californian "ZEV" (zero emission vehicle) and cruises at up to 85 kph for more than 100 kilometres on its nickel cadmium battery pack. BMW's new 3 Series (above) points the way to easier recycling

world tends to follow, is to set manufacturers hunting hard level of nitrogen oxides — the culprit in acid rain — of conventional engines.

engineering solutions.

Many will be made possible only by yet more intensive use of electronics, a major growth area for vahicle component area for vehicle component makers and specialist electronic groups. The continuing integration of the car's various systems, such as engine management, suspension and even steering under central electronic control will have made the "intelligent" car a market reality by the year 2,000.

Engine research is remarkable in its variety. Toyota, for example, has a 2.5 litre, supercharged diesel engine capable of hurling a limonaine around a test track at over 100mph. It

a test track at over 100mph. It

saving (above) and Toyota's \$-2 supercharged, bro-stroke dissel engine (right) which, the company says, holds out the prospect of meeting still exhaust emissions legislation

Also being developed are "flexible fuel" engines running on patrol or "cleaner" fuels such as methanol, two-stroke petrol engines less than half as big as conventional four-strokes, and even gas turbines. All, however, have their drawbacks and none is certain of meeting all California legislation at viable cost. Discals, for example, are economical for example, are economical and cleaner than petrol engines — except for almost certainly needing traps to capture they particles suspected of capture they particles suspected of

causing cancer.

Electric vehicles offer the biggest challenge of all,

because of current batteries' inability to store large amounts of energy. Ricardo Consulting Engi-

Hicardo Consulting Engineers, the UK engineering con-enitancy, may have tha answer: on-board batteries and generator, partially powered and recharged by a small die-sel engine. It would be driven by electric motors in each wheel, with the brakes forming an integral part of the motor and generating top-up power. The main disadvantaga

the heavy, unsprung wheels ruining ride and handling – can be overcome by component miniaturisation, says Ricardo. Some industry figures doubt

the value of much of this effort. US makers argue that the \$600 a car needed margin-

ally to refine catalytic converters, under the latest US Clean Air Act, would be better spent tuning up older cars, which account for about 85 per cent of vehicle pollution.

of vehicle pollution.

Dr Heiko Barske, Volkswagen's research chief, also suggests that Americans would be much better off "driving one litre cars, not four litres".

What perticularly annoys him is threats to impose draconian free contempt terms. is threats to impose draconian fuel economy targets on the industry, "and yet, when a Golf is perfect for driving around the city, these same politicians are all ordering the new S-class Mercedes which consumes 22 litres per 100 kilometres".

In the mid-1980s, VW tried to launch the Eco-Golf, fitted with electronic clutch. When stationary, the engine automati-

tionary, the engine automati-cally switched off, restarting automatically if a gear was reengaged. Since most urban exhaust pollution is generated in traffic jams, its benefits were obvious. Yet motorists were unwilling slightly to alter driving habits. VW will try

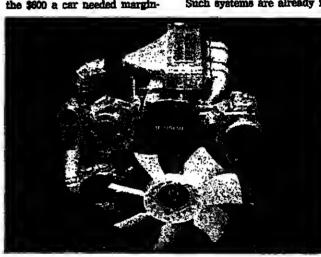
driving habits. VW will try again next year.

With the world car population expected to increase by about a third to 500m by the year 2025, car makers must run hard just to stand still in terms of pollutents. Dealing with traffic congestion will also be a major challenge.

Integrated traffic information systems will help to keep

tion systems will help to keep traffic flowing freely, but only marginally because easier traf-fic flows simply create more

Such systems are already in



IN THIS SURVEY

Plastic composites: GM'a \$4bn path W New projects: cleaning up the engine Page 2 Transmissions: naareat thing to a braakthrough Tyre technology: ideas elow to take offPage 3
MEurope: 'lean' rivais and pollution pressures Tomorrow's materials:

ideal sensor sought New technology: electronic controlPege 4 Deeign consultancies: backroom boys keep quiet Road safety: UK leads M Related surveys .. Pege 6 Editorial production Gabriel Bowman

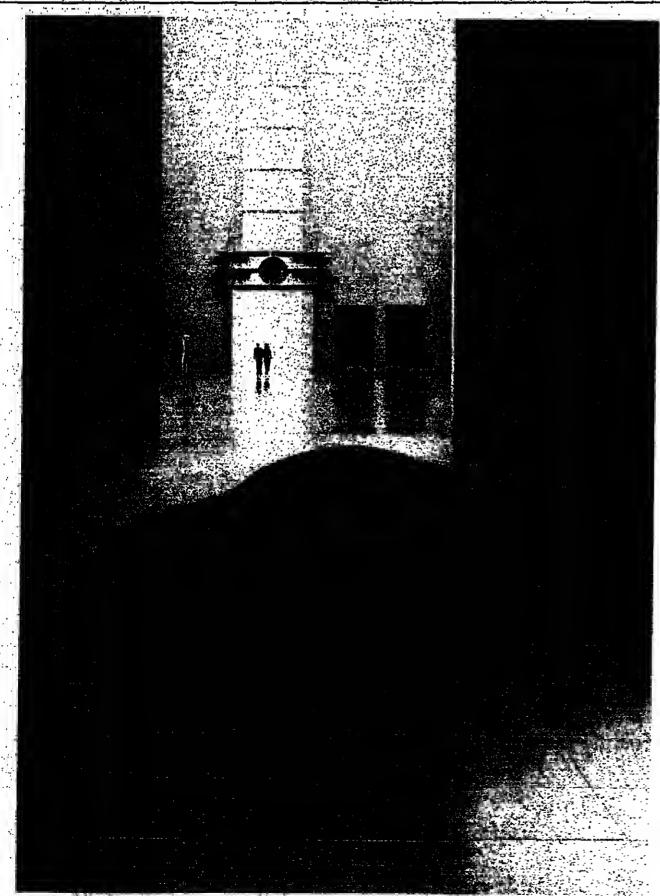
pilot use in the UK and Germany. Apart from route guid-ance, eventually they will pro-vide localised information, via in-car terminals, such as whether and where there is a parking space free at the driv-er's destination area, the time between trains and so on.

These issues, along with safety and how to haive Europe's traffic fatalities, are at the heart of Prometheus, an EC motor industry research

programme on which some 300 scientists are engaged.
Several yeers on, it has found no instant solutions.
"Yet it has been successful in that it has made clear all solutions." tions are likely to be long-term," says VW's Dr Barske. As just one example, inde-

As just one example, inde-pendent groups had previously been working on systems capa-ble of "seeing" through poor visibility, and thus providing drivers with a potentially valu-able safety aid. One was based on infra-red, the other on ultra-violet. Thanks to Prometheus, it is now known that an effecit is now known that an effec-tive system must use both.

Controversy continues on other Prometheus aspects, such as whether motorway "convoys" can make better use of available road space, with the space between cars con-trolled electronically, not by drivers. That is technically feasible, but some companies, including BMW, have already made clear their resistance to anything but an advisory system - partly because of prod-uct liability issues involved.



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CAR OF THE FUTURE 2

John Griffiths looks at the extensive Saturn project in Tennessee

GM's \$4bn plastics path

WITH THE launch of General Motors' \$4bn Saturn project last year, plastic composites reached a new threshold in terms of their use in volume car applications.

The Saturn cars, built at a greenfield

The Saturn cars, built at a greenness site in Tennessee and aimed at rivalling Jepanese cars for quality and cost, break new ground in having bodies made up of thermoplastic vertical panels hung on a steel spaceframe, instead of a conveotional steel monoccoue.

No less significantly. Saturn capacity – unlikely to be used immediately because of the depressed US car market – is 330,000 cars a year, an unprecedented volume for a vehicle making such extensive

use of plastic composites.

Yet Saturn is only the latest of several vehicles to make extensive use of such materials to be developed by GM, which to date has shown by far the greatest commitment of all vehicle makers to exploring the possibilities presented by plastics.

It also has in production a range of multi-purpose leisure vehicles, such as the

It also has in production a range of multi-purpose leisure vehicles, such as the Chevrolet Lumina minivan, which uses plastic body panels on a steel spaceframe and capacity for which is over 200,000 units a year. The Lumina is a successor to the Pontiac Fiero mid-engined sports car of the mid-1930s, whose plastic-clad body reached a peak production of around 100,000 units annually.

Saturn differs from its predecessors not

Saturn differs from its predecessors not just in volume, but in having its panels made of thermoplastics rather than thermoset materials. The differences are fundamental. Thermosets take longer to process and when the vehicle's life is over, the panels can only be chopped up for road fill or other low-grade uses, or burned to

Thermoplastics allow shorter cycle times to produce components, and can be melted down and reused, although usually

also in lower grade products.

Yet even the most ardent advocates of the use of plastics in vehicles, notably the large chemicals groups themselves, are not suggesting that the car of the future will consist primarily of composites, with metal reduced to mechanical roles.

GM, starting with a completely "green-field" project, has been able to maximise the advantages of composites to an extent to offset the still severe disadvantages — most notably slow cycle times to produce

components and cost.

Thus the Saturn project has gained from the lower tooling costs to produce plastic panels compared with etamping steel, reduced lead times, the ability to mould in one piece a complex hody part which oth-

erwise might require the welding together of four or five separate metal pressings and – as a result – actual reductions in component costs.

number of metal components.

GKN, the UK engineering been supplying truck spring lightweight composite material

Other bonuses, to be felt in the marketplace, include increased resistance to damage and corrosion and – because of cheaper tooling and construction tecbniques – the ability to update models with greater frequency more cheaply.

so far, GM's main rivais show little intention of following it down the same path. They remain unconvinced that the benefits are worth such a large-scale effort and are adopting a "wait and see" approach on how the GM products fare. Similar caution is being shown by the industries of Europe and Japan. Renault is the only major manufacturer to have developed a plastic-panelled vehicle in

Even ardent advocates do not suggest cars will consist primarily of composites

anything approaching high volume

around 60,000 units year — and the vehicle itself, the Espace multi-purpose vehicle, is relatively expensive. In Japan, Toyota and Mazda are among manufacturers enggesting that there is a long way to go yet before plastic bodies seriously rival steel. A key extra consideration for the European and Japanese industries is the much higher cost, hy comparison with North America, of the main raw material for plactics oil

The prospect of a plastic composite body completely snpplanting steel, to which engine, gearbox and other major components would be mounted directly is even more remote, acknowledges Dr Claude Fussler, vice-president, automotive materials, of IIS chemicals giant Dow Europe

als, of US chemicals giant Dow Europe.

However, Dr Fussler and others in the industry do envisage continuing steady inroads by composites in a number of areas. One such, exemplified in the new BMW 3 Series, is the substitution of the metal bumper girder by much lighter composites, with a saving of around 15 kilogrammes at each end of the car.

Composite valve covers are continuing to replace those made from steel and aluminium. More significantly yet, work is well advanced on structural composites for use in load-bearing components at the end of the 1990s. These include engine supports, cross-members and similar items — many of which can also be produced as a single part instead of fabricated from a

GKN, the UK engineering group, has been supplying truck springs made of lightweight composite materials for some years. With composite road wheels, likely to weigh less than half of their steel equivalents, also in prospect, calculations made by Dow suggest that the use of composites could cut the weight of a typical European car by 175 kilogrammes — including the "knock-on" effects of being able to use lighter metal composents.

lighter metal components — without resorting to an all-plastic body.

This would produce significant "whole-life" energy savings compared with a conventional car, if reduced engine in manufacture and improved fuel consumption were taken into account

A possible catalyst for the speedier introduction of plastic-bodied cars may come in the form of Californian legislation requiring a percentage of cars on the roads to be battery-powered by the late 1990s. Manufacturers of such vehicles will be keen to compensate for heavy battery weight by using the lightest bodies possible. The plastics industry is already engaged in tentative talks in this area with potential electric vehicle suppliers.

The problem remains of how to get plastic compensate reals time down

tic component cycle times down.

With reaction injection moulding, times for some large components like front wings are already down into the 50-53 second bracket – still an inordinately long time compared with the few seconds to stamp sheet metal. It is possible to compensate partially by replicating the cheaper plastic tooling. There are limits, however. Doubling up would be economical but a third plastics line would be more expensive than one metal stamping line.

Nevertheless, the industry claims itself to have been very encouraged by the out-

to have been very encouraged by the outcome of the Saturn project so far.

Part of the plastic industry'e reason for optimism about the long-term prospects is also the appeal of the material to vehicle designers, and the greater flexibility of approach offered compared with steel.

Recycling, however, remains a problem

Recycling, however, remains a problem for neither thermosets nor thermoplastics have the easy recyclability of metals, virtually 190 per cent of which are already recovered. "There is a lot of work still to be done," acknowledges Dr Fussler, "but we are making progress."

we are making progress."

Bumpers, for example, are already being virtually completely recycled, with new bumpers simply moulded from the old with little addition of new materials. Exactly how many times this can be done, however, remains unknown.

THE CAR of the late 1990s will be required by law to pollute less – including noise as well as exhaust emissions – and travel much further than now on a gallon of petrol or diesel.

The result is a scramble by vehicle and engine makers to produce power units capable of meeting such demands, and the emergence of new technical approaches to the issue.

Many of the projects now

under way, such as an engine with plastic components developed by a European consortium led by Ford, are aimed more at investigating design areas such as weight-saving than for commercial production. The "Brite" engine, named after the acronym for the co-operative EC research programme Basic Research in Industrial Technology for Europe, uses metal only for the combustion chambers, cylinders and moving mechanical parts. It generates 30 per cent less noise than a conventional engine of similar size.

But other radical units, such

Bnt other radical units, such as the Orhital two-etroke engine first developed by Sarich Technologies of Australia, offering more power and about a third the weight of a conventional petrol engine, are intended for production.

Indeed Ford, which took out

Indeed Ford, which took out a licence on the technology some time ago and has been developing it jointly with the Sarich group, says it expects to put a vehicle so equipped on the market before the end of the decade. General Motors has declared a similar intention.

To meet the expected demand, Orbital Engine Corporation (US), a wholly-owned Sarich Technologies subsidiary, is preparing a facility to produce 100,000 Orbital engines a year at Tecumseh, Michigan.

a year at Tecumseh, Michigan.
The engine, which lacks
valves and has direct fuel
injection, is claimed to have 10
per cent more power and 20 per
cent better fuel economy than
a comparable-capacity conventional engine.
Of potentially greater signifi-

cance, Orbital saye it has developed a vehicle for testing by the federal regulatory anthorities in the US and which is claimed to be capable of meeting the strictest emissions standards proposed for the US for the year 2004 and even California's standards for



Ford's Brite plastic research engine

John Griffiths on new projects

Cleaning up the engine

Ultra Low Emission Vehicles.

Among other candidates —
apart from electric power units
— are two-stroke supercharged
diesels, supercharged twostroke petrol engines with
extremely high power outputs
relative to their weight,
engines capable of running on
a variety of "clean" fuels such
as methanol, gas turbines and
further developments of the

"lean-burn" engine.
Used in conjunction with a catalytic converter, the "lean-burn" engine holds out the prospect — according to Toyota — of meeting the stiffest exhaust emissions legislation at the same time as providing fuel economy.

Even in respect of conventional petrol or diesel engines, work on aspects of their operation holds the promise of significant performance improvements on all fronts.

For example, electronic tech-

nology in conjunction with very high-speed hydraulic pumps is allowing Louis Engineering, the engineering consultancy arm of General Motors' Group Lotus subsidtary, to develop "active" control of the engine's inlet or exhaust valve operation.

The system, as described by Mr Hugh Kemp, powertrain and systems director, is intended as a research tool rather than a production item for the foreseeable future because of its high cost. The valve is attached directly to a vertically-acting hydraulic pump which, under digital control, can open the valve many times a second to any chosen extent and at any chosen phase

of the engine cycle.
What Lotus has created is, in effect, an infinitely variable camshaft. Since it is the camshaft which determines an engine's main power and

torque characteristics. Lotus is equipping itself with a valuable tool capable of short-cuting much "irial and error" tra-

ditional engine development.

The system might be seen as the ultimate development of a simpler approach developed by the Norfolk-based group, in which the engine camshaft has two profiles side-by-side, with the engine switching between the two for optimum high or low-speed performance. Other "variable" engine parametary being adopted include variable valve timing and even compression ratios.

pression ratios.
Only last month Ricardo
Consulting Engineers, the UK
engineering consultancy,
unveiled a new form of variable valve timing mechanism
applicable to any configuration
of engine, including multivalve units and those using
either pushron or overhead

camshaft valve operation.

By means of such innovations the motor industry hopes to be able to meet increasingly harsh legislative pressures. In the US these inclinde an expected improvement in mandatory corporate average fuel economy (CAFE) – the average obtained by the entire range of models a manufacturer has on sale – from the current 27.5 miles per gallon to 34.45 mpg in the period 1995-2000.

A more than halving of com-

miles per gallon to 34-45 mpg in the period 1995-2000.

A more than halving of currently permitted exhaust emissions of hydrocarbons, carbon monoxide and oxides of nitrogen, coupled with possible attempts to restrict the volume of carbon dioxide – the main gas linked with controversial, and as yet not wholly proven, "greenhouse effect" – is also expected to tax engine development engineers. Currently, under US legislation cars are required to comply fully with emissions standards for 50,000 miles or five years. But a move to 100,000 miles and 10 years is

regarded as inevitable.

Not least, with some countries like Switzerland already imposing "drive-past" noise tests, the industry is braced for similar legislation becoming much more widespread, with a possible requirement for external noise levels to be reduced to as low as 73 decibels (dhA). In subjective terms, this would be about one quarter of the sound level of most existing legislation of around 77 dbA.



World charges down route to electric vehicles

A MONTH ago, several oddly-shaped vehicles were to be seen not so much winding as whining their way round part of the large complex which makes up Toyota's technical centre and proving ground of Higashi-Fuil, in the

shadow of Mount Fujl.

They were a light two-seater car, a motor caravan and a bus, and they whined because they were powered exclusively by batteries.

they were powered exclusively by batteries.

They were put on display to European journalists by Toyota as yet one more piece of evidence that the world's motor industry is moving reluctantly, yet resignedly,

towards developing viable electric vehicles.

Toyota is by no means alone among Japanese vehicle makers in travelling down the "EV" ronte. Among others, Nissan has developed an electric hatchback, Mazda and Daihatsu several light cars and commercial vehicles. Even Nippon Steel has produced a purpose-huilt battery car with ultra-lightweight carbon fibre body, with lead acid batteries driving electric motors mounted within each wheel, and is looking for partners to develop it further.

As usual in Japan a conserva-

As usual in Japan, a consortium approach is also being adopted in some areas, including the development of batteries under the aegis of the New Energy Development Organisation, part of Japan's governmental energy agency. The consortium includes Japan Storage, part of GS, which is developing nickel-zinc and nickel cadmium batteries; Yuasa (nickel-zinc and sodium-sulphur); Meidensha (zinc-bromine) and Farukawa (nickel-iron). Toyota has developed its

and nickel cadmium batteries; Yuasa (nickel-zinc and sodium-sulphur); Meidensha (zinc-bromine) and Farukawa (nickel-iron). Toyota has developed its own zinc-bromide system in house but is using Meidensha on some of its development.

As with the industries of North America and Europe, the renewed drive inside Japan

the renewed drive inside Japan for more effective solutions to the electric vehicle's century-old problems of low performance and short range is motivated not so much by a desire to explore new markets as a desire not to be excluded from one — namely California's.

Under legislation prepared by the Californian state gov-

ernment – and which is subject to biennial review to ensure that what is required is technologically feasible – a significant population of electric cars will be required from 1998 as part of a drive to reduce air pollution in the smog-shrouded Los Angeles basin, in particular.

The Californian legislation

basin, in particular.

The Californian legislation requires 2 per cent of all cars, vans and light trucks sold in the state in 1998 to be "zero emission" vehicles (ZEVs), rising to 10 per cent in the year

Barring the emergence of some unexpected new technol-

electrically-powered cars -30,000 in 1988, rising to 150,000 a year in 2003. Manufacturers which do not

Manufacturers which do not develop such ZEVs, and various other categories of low-emission (LEV) and ultra-low emiseion (ULEV) cars face exclusion from California's implus cars a year market.

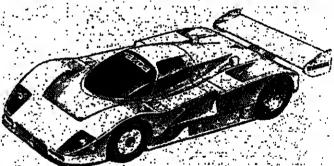
The compensation for manu-

The compensation for manufacturers for the large development spending inevitably involved is that at least the numbers of vehicles required to be sold should generate just enough economies of scale to make such vehicles viable, rather than merely "loss lead-

The world industry is taking the issue seriously, mindful of the fact that Californian environmental legislation has tended strongly to influence Drawn up by Los Angeles city council with the support of the region's utilities and clean air board, the initiative aims to put 10,000 electric vehicles on the region's roads by 1995, as a precursor to the legislatioo coming into effect. The city council itself is not buying the vehicles, but is helping to market them to utilities, businesses and other potential

The city council, I.A Water and Power and Southern California Edison so far have contributed more than £7m to the I.A 301's development, representing about a third of the project cost. Canadian-built electric vans are also involved in the initiative.

the UK, at a rate of up to 3,000 a year. But the manufacturing



Mazda's electric contende

legislators in other developed regions of the world.

The task confronting the industry involves spending billions of dollars. General Motors, Ford and Chrysler recently agreed a programme with the US federal government under which more than \$1.2hn is to be spent over 12 years to develop advanced hattery technologies.

Development of vehicles themselvee is proceeding apace. General Motors has already designated a plant at Lansing, Michigan, to manufacture a car based on the impact, a prototype already shown to be capable of up to 100 mph and a range of 120 miles. The plant is due to come

Incture a car based on the Impact, a prototype already shown to be capable of up to 100 mpb and a range of 120 miles. The plant is due to come on stream in late 1993.

Ford also says it is "definitely in the EV business for 1996" and next year is to start building a fleet of 100 electric vans to gain manufacturing experience.

Experience.
Perhaps the most advanced EV project in terms of meeting the legislation's deadlines, however, is being undertaken in the UK, at Worthing. It is a car, the LA 301, which is being designed and developed by International Automotive Design (IAD), one of the world's largest vehicle engineering consultancies, on behalf of Clean Air Transport, an Anglo-Swedish group which has won a contract to supply 3,500 such cars, starting next year, under the "Los Angeles"

operation is expected to move to Los Angeles itself in 1993, with predictions that output of the £25,000, executive caraized vehicle—complete with air conditioning—will be produced at the rate of 15,000 a year from the mid-1990s.

Sir John Samuel, the CAT director responsible for the project, says that the LA 301, which is a "hybrid" using a small internal combustion engine to recharge the vehicle's batteries outside of the city centre, will not and cannot be a full replacement for a conventional car.

for a conventional car.

The thinking is that there are enough wealthy buyers, and three or four vehicle families, in southern California prepared to buy a "clean" car specifically for around-town use, reverting to a conventional car for interactive interactive.

for inter-city journeys.

Critics of the Californian

EV" drive argue that such
vehicles merely move the air
pollution problem "upstream",
in that if the energy to
recharge EV betteries is produced by fosall-fuelish gower
stations, there is little or no
net gain in terms of the production of carbon dioxide, seen
as a contributor to global
warming or pollutants such as
carbon monoxide and hydrocarbons. However, LA officials
claim that the extra power station emissions involved would
still leave Los Angeles's sir 97
per cent cleaner.

John Griffi

TYRE TECHNOLOGY

Good ideas slow to take off

IT IS possible that the car of the future will run on tyres colour-matched to the car and an injection-moulding machine. When worn out, such thinking goes, they will simply be fed into a melting pot and the material re-injected to form another tyre, perhaps even at the local tyre dealer.

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Such a scenario was being painted with some enthusiasm in the late 1980s by a few companies excited by the properties of polyurethane compounds, and some bicycle tyres and lightweight indus-trial tyres of this type already exist.

exist.
But for the far more demanding application of car tyres, it remains highly unlikely in the absence of spectacular naw advances in both materials and moulding techniques, accord-ing to senior tyre industry research and development

executives.
"Obviously, wa're staying on in that area," says Mr Barry Alibert, technical director at Pirelli UK. "But we're doing it

THE OBSERVATION of one motor industry pioneer that the manual gearbox was crude, but it worked, is almost as apt today.

A century of continuous development has given us virtually foolproof ciutches and gearboxes which can be shifted with one fingertip but the working principle remains

This century has seen no lack of alternatives. Only two have gained any kind of acceptance in the vehicle world: the conventional automatic transmission and tha continuously variable trans-

mission (CVT).

The automatic has been with us since 1940; the CVT since the late 1950s. Both have been steadily developed. The autotronic instead of hydro-me-chanical control, and with more ratios. The latest Euro-pean and Japanese transmisdons now employ five forward

The CVT has a more chequered history but the units now in production, in such Recort and some of their Japa-

parties. We certainly haven't seen anything yet which makes us want to start a serious development programme."
Mr Allbert's viaws are shared by all the major tyre companies, the five largest of which - led by Bridgestone of Japan - account for over 80 per cent of the more than 400m

car tyres produced annually. From Goodyear's vast technical centre, employing 1,000 R&D personnel at Akron, Ohio, to the intensely secretive labo-ratories of the Michelin group at Clermont-Ferrand in France the conviction persists that the future of the tyre lies in further development of exist-ing tyre technologies and pro-

Consumers themselves have shown a marked indifference to innovation. The failure of a succession of "run-flat" tyres, which prevent catastrophic blow-outs in case of puncture, to win wide acceptance has left Dunlop and, more latterly Con-tinental, deflated. Whether Michelin will have

more success with another radical project, its "mousse", only tima will tell. The concept

nese equivalents, are a far cry from the original rubber-belied Van Doorne Variomatic of the DAF Deffodil.
Other transmissions have been suggested but never found acceptance.

The most prumising mechanical alternative to the chain-and-pulley type of CVT is the toroidal drive, briefly offered in crude form in the 1930s and still under development, as a much more sonbis ticated unit, by the British angineering company Toro-trak, which is part of the BTG

Torotrak prototypes have shown promising results in a range of vehicles and offer the same potential advantage as other CVT systems: the ability to select the exactly correct drive ratio for any combination of speed and load, enabling the engine to be run as economically as possible. Transmissions do not have to be mechanical at all. The

In vehicles, however, they suffer from the drawback that future project engineer is

entails replacing the inflated air inside the tyre with a light-weight compound, rendering it puncture-proof. It has already heen proved at the highest lev els of motor sport, Michelin's problem now, still some way from being resolved, is how to adapt it to volume production

at acceptable cost.

Another seemingly good Another seemingly good idea, twin tyres at each corner, to allow high-performance cornaring without the aquaplaning on wet roads to which single high performance tyres are subject, has failed to catch on. Audi recently shelved one such joint twintyre development with Goodyear at the latter's Luxembourg technical centre.

The main challenges facing the tyre industry are much more fundamental, if less

more fundamental, if less entertaining to the imagina-

Among the biggest is coping with the far greater variety of new models being introduced by car makers. According to by car makers. According to Mr Allbert of Pirelli, the range of tyres produced for cars has more than doubled since the early 1970s. With the car market continuing to be broken up into more niches at an increasing rate, the only prospect for tyre makers is to produce yet more tyre types in yet greater variety of sizes.

Computerisation and other new technologies are at least making the task more manage-able, with tyre makers building ever larger databases of compounds, reinforcements and structures, and how they inter-

To some extent, therefore, they can use their databases to computer "model" a new tyre to achieve the desired characteristics, and predict its behav-iour without going through — as in the past — a very lengthy prototype development pro-However, such is the com-

plexity of the dynamic behav-iour of a car on the road and the stresses involved that the need for physical testing remains.
"Noise, we understand pretty

well. But ride and handling are not yet computer-modelled to a satisfactory extent, so the final tuning of the tyre and vehicle combination is still subjec-



A Goodyear design engineer takes the measure of a concept tyre tread at the company's Akron, Ohio, technical centre

tive." says Mr Allbert. Thus probably the final 10 per cent of the performance of a tyre is optimised by skilled drivers on test trucks, in what is acknowledged to be a subjective manner. So intense is the competition between manufacturers that this 10 per cent is definitive - and certainly high-performance, low-profile car tyre market, which is the only segment of world tyre sales anjoying significant

growth levels. Outright performance, howsver, is seen by some leading figures as slipping slightly down the list of priorities, with reducad rolling resistance assuming more importance in the face of pending US federal corporate average fuel econ-omy (CAFE) legislation requiring sharply improved fuel economy from vehicles over the next decade.

Tha industry's senior R & D figures do not rule out com-

pletely the possibility that tyres one day might be devel-oped wholly by computer. But no-one should really believe it. they suggest, until the indus-try stops using or building test tracks.

Even supercomputers, it is suggested, need to progress beyond their present state to be able to create an adequate model for the dynamic behavlour of tyres under stress.

Perhaps the biggest single headache is the development of flexible automation processes capable of building a wide variety of tyres. Traditionally, tyre manufacturing has been a labour-intensive process, with much of the tyre built up by hand because of the many different materials involved. However, equipment increasingly capable of allowing a manufac-turer to build a variety of tyres at one assembly station, using a high degree of automation, is gradually being introduced and promises substantial help to ease the cost pressures under which tyre makers are increasingly being placed by vehicle

Pressure is mounting, too, from governments and the EC Commission in Brussels, for the tyre industry to come up with proposals for improved recycling of old tyres. The ideal solution to the

industry's problems would be a devulcanising process allowing the tyres' original ingredients to be reclaimed.

In its absence - there is little Indication that such a process will ever emerge - it is expected that there will be further growth in the number of plants capable of burning tyres in closed furnaces to provide energy for other industrial and

commercial plants. Some other uses are being found, such as tyres ground into granules for road bed filler, and for putting unseen spring into football pitch and

tennis court sub-surfaces. However, these are relatively marginal uses and the Euro pean Commission has invited tyre makers to take part in a working group to discuss for prehensive programme for dis

The issue is of lucreasing concern to governments. In the plied by management consul-tants KPMG Peut Marwick McLintock, commissioned by the government, recommends a system of disposal fees as well as "tyres-to-energy" power plants as the best ways of dealing with scrap tyres, tens of millions of which currently occupy landfill sites, gently leeching pollutants into the soil or, even worse, catching

Large-scale tyre dump fires are all but inextinguishable, and have been known to burn for more than a year.

John Griffiths

ALTERNATIVE TRANSMISSIONS

Nearest thing to a breakthrough

the drive to the wheels almost has to be mechanical anyway. Electric car enthusiasts time and again propose vehicles with the drive motors built directly into the wheels, only tn have chassis engineers remind them that such major additions to unsprung (the groundwards side of the sus-pension springs) weight will

ruin both ride comfort and vehicle stability. Yet without this fasture, electric and hydrostatic drives become little more than alternative ways of achieving con-tinnnualy variable gearing. Hydrostatic drives also suffer considerable noise problems. It seems likely, therefore, that car transmissions will remain mechanical in princi-

principles of electric and hydrostatic drive have been amply demonstrated in all manner of machinery.

between a multi-ratio gearbox of some kind and a CVT. The choice is not clear-cut. The CVT offers theoretically perfect matching of engine speed to running condition.

But conventional multispeed gearboxes come surpris-ingly close to the ideal curve, especially as the number of ratios is increased.

At the same time, engineers point out that CVTs have yet to match the very high overall efficiency (small power loss) of conventional systems.

Citroen wanted to give his

original Traction Avant a

Above all, perhaps, the industry's product planners have an annoying way of pointing out to enthusiasts for innovative transmissions that low cost and proven reliability remain high on the real world ple (heavy trucks may eventu-History tells us that Andre ally be another matter). The choice which faces the

novel form of automatic transmission. Eventually the car emerged, a year later and far enough over budget to break the company, with an ordinary clutch and manual gearbox.

The pragmatists add, equally infuriatingly, that the response of average drivers to the CVTs offered thus far has been lukewarm, to say the It is certainly true that the

number of ratios in conventional transmissions is increasing. The 1970s were an era of four-speed manual gear-boxes and three-speed antomatics. Tha 1980s saw the widespread adoption of five-speed manual gearboxes and

four-speed automatics. Now, despite some misgivings, we are seeing the appearance of six-speed manual gear-boxes in some high performance production cars,

certainly with us. This multiplication of speeds has its drawbacks, especially where manual gearboxes are

concerned.

Some market surveys are said to have identified a resis-tance even to five-speed geardrivers: and six speeds would certainly cause complaints unless some form of assistance can be provided.

The dedre to do so combines well with the feeling in some quarters that driving - particularly in crowded town cen-tres - could and should be made easier without recourse to a conventional automatic

It could be that the nearest thing to a breakthrough which we shall see in car transmis-sions will be a realisation of a 1930s dream: a system which

duplicates the action of e skilled driver manipulating a manual gearbox.

manual gearrox.

Inevitably, electronics is the key to such an advance. The systems now being proposed usnally feature not one but two clutches, each of them an electronic servo unit.

Preservate clutches are part Electronic clutches are now

well developed. Units developed by the French Valeo group have been run with success in a number of high performance competition cars and Valeo says it is close to a first production application.
If smooth clutch control can

combined with accurate shifting of an ordinary twoshaft gearbox, the need to use a much more expensive epicy-clic gearbox, which is a feature of today's antomatic transmissions, is avoided and the overall cost would be

greatly reduced. Aside from the question of cintches and gearboxes, we are in the midst of an engineering debate about two-wheel-drive versus four wheel drive trans-

missions. The development at the centre of this debate is that of

(TCS) which in essence is able to sense a wheel beginning to spin through excess power. just as an onti-lock braking system can sense a wheel beginning to lock through excess braking effort.

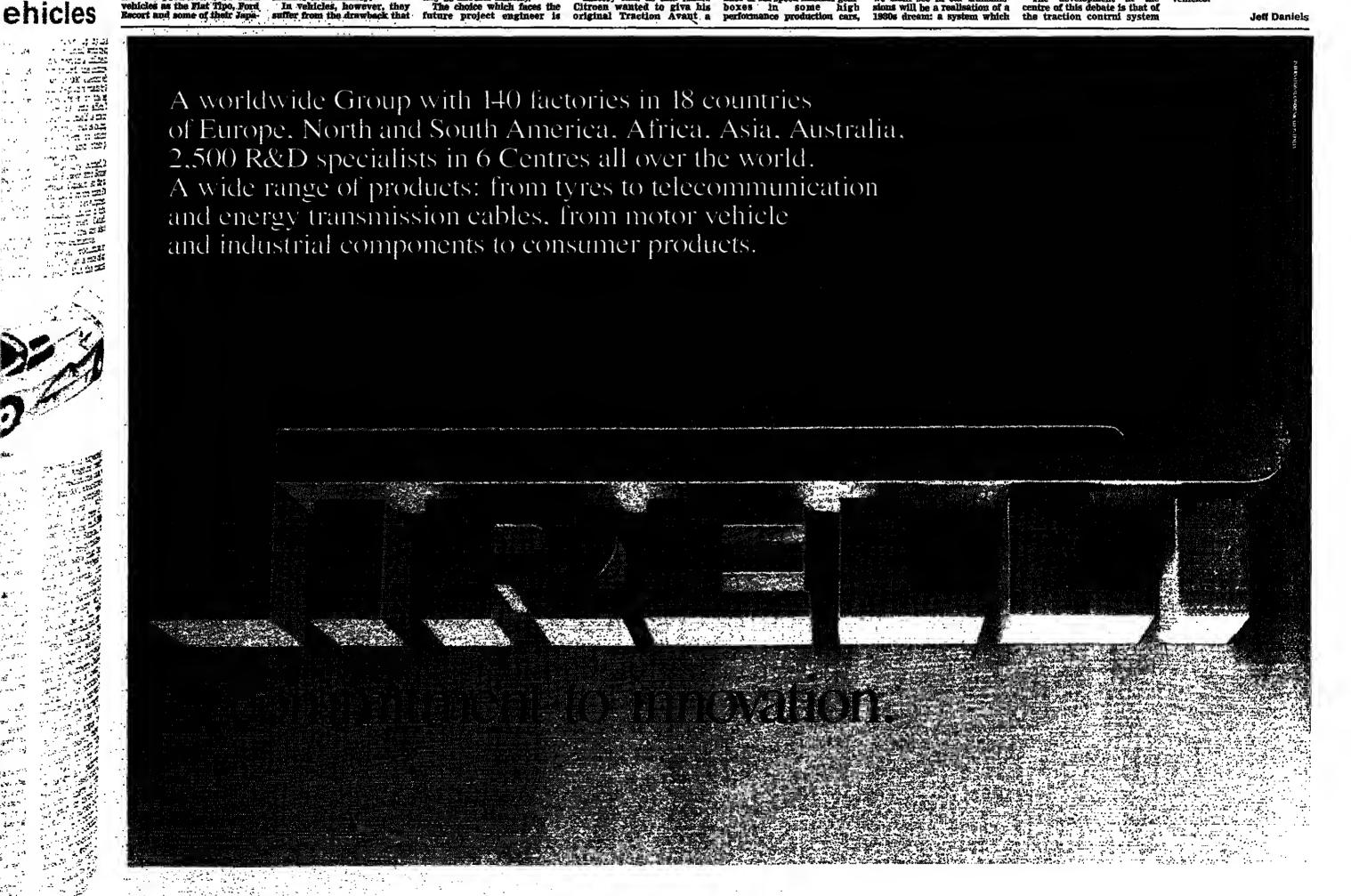
The two systems, indeed. bave much in common and when installed together share the same sensors.

The arrival of TCS has noset the assumption that very now-erful cars would need four wheel drive to prevent fre-quent wheelspin, with its asso-

clated problems of stability and control. Engineers whn were looking (often askance) at the weight, complication, bulk and possi-bly also the extra noise and vibratinn of four-wheel-drive systems for large and powerful cars have begun to embrace TCs with something like relief.

It now seems likely that four-wheel-drivs will in future be confined to those applica-tions where ultimate traction is most needed: to the most powerful roadgoing sports cars and, of conrse, to off-road

Jeff Daniels



MR Bruce Blythe, Ford of Europe's vice-president in charge of corpo rate strategy, is clear about the European motor industry's main concern in the 1990s

"It's balancing the increased demands for environmental clean-up in Europe, which is going to get much, much stronger faster tban any of us think, combined with the new Japanese capacity coming into Europe at the same time." be maintains.

The Europeans are only too aware of what happened when North American makers faced similar pressures a decade or more ago. Meeting US safety, emissions and fuel consumption legislation cost Detroit millions of dollars, just as Japan started planning its transplant-building programme across North America.

US makers steadily lost market chare to Japanese models, both imported and those assembled in America. Few expect the Americans, now in deep recession, to regain the ground lost during

Now two of those challenges have crossed the Atlantic. Europe has to the Atlantic. Europe has to live with increasing concern on builds up its transplant presence.

Richard Feast considers the prospects for Europe in the coming decade

'Lean' rivals and pollution pressures

At the same time, there is the prospect of Japan exporting more built-np cars to Europe after the end of 1992. Just how many more is still being debated, but the quotas are likely to be considerably more liberal as the decade grows older. This increased Japanese presence brings another kind of pressure in itself.

The country's carmakers work on the basis of four-year cycles for all their mainstream models - considerably ehorter than carmakers in Europe or North America.

At the same time, Japan's well-established "lean" production allows it to build cars in lower volumes and still remain profitable.

Japanese makers are thus capable of producing numerous nicbe vehicles - and to renew them frestill trying to catch up in this

The combination is likely to prove very attractive to European car huyers, though BMW's chairman warns of a danger.

"The more often you change the model, the more you reduce the value of the product the customer has in his hands. With each model change, the old range will lose 20 per cent of its secondhand car price," says Mr Eberhard von Kuen-The other factor working for the

Japanese during this time will be the newness of its factories. Greenfield site factories built in the 1990s, whether Japanese, American or European, are simply more efficient than old-established ones. They are designed around today's automated manufacturing methods and equipped with the best low pol-

Intion machinery.

However – at least in western Europe - most of the new factories

are being constructed by Japanese companies. The European industry's only comfort is the knowledge that democracy in eastern Europe should offer an escape valve. New

car demand in eastern Europe is The only comfort is that eastern Europe should

offer an escape valve

expected to grow by up to 7 per cent a year well into the next century, compared with western European growth of 1.5 per cent.
This level of growth is matched

nowhere in the world except southeast Asia - where Japanese car makers are investing as heavily as Europe's are in the old eastern bloc. Ford's Mr Blythe says: "When the Japanese came to the US, and the emission laws came in early in the 1980s, American makers had nowhere to go. Our market has just expanded by about 40 per cent.

What a godsend!"

But that is some way in the future. At present, most European car makers are coping with grim market conditions. Almost everywhere but in Germany, new car sales are on the floor.

But while the unification-inspired boom benefits mainly German makers, other European car companies are glad of their German exports since demand elsewhere is so flat. If communism in eastern Europe had not collapsed, the continent's car makers might well have been as badly hit as those in America.

It is against this background that European vehicle makers are facing demands for more environmentally the industrial and marketing chal-

the car, because of the traffic congestion, noise and pollution that it

ent sales slump, there is an underlying public demand for new cars. As the century draws to a close, how-

evolve in a different way.

The serious technical smphasis
will be on more user friendly vehicles, not glamorous 200 mph

As drivers spend more time in their cars, makers will pay more attention to interior design and creature comforts. They will also spend huge sums to make cars quieter and less polluting. The cars will achieve better fuel consump-tion and there will be more alterna-

On-board navigation systems to

help drivers avoid the heaviest traf-fic will be commonplace. And cars will be designed specifically for ease of recycling when they reach the end of their lives.

But many car executives feel their industry has been singled out for special treatment. For example, Dr Kurt J. Lauk, Audi deputy chairman, says: Traffic does contribute to pollution, but on a worldwide basis, traffic results only 10 per cent of the total CO. So somebody else has to find solutions to the other 90

per cent of the problem." By and large, it is the German companies such as Audi which are in the vanguard of moves to clean up exhaust emissions and to design cars for recycling VW, BMW and Mercedes-Benz either have or are planning recycling plants, while Europe's other carmakers are tak-ing a less public stance. Mr Klaus Toepfer, Germany's

environment minister, has even proposed that carmakers should eventually be obliged to take back their old cars and completely recy-

The German industry's size and strength will almost certainly mean their lead will be followed by other members of the European Commu-

NEW TECHNOLOGY

Electronic engine control

mindful of the ever-rising challenge from the Orient, declare that it is only by technological advances that they can keep ahead of the Japanese

When one considers bow technically adventurous and enterprising the Japanese are, it may not be a case of keeping ahead as of keeping up. How-ever, every one of the major players on the automotive scene internetionally is bent on using what comes loosely under the pompous and over-used heading of technology.

By far the greater portion of oew engineering features found on the latest production cars are eliber electronic or have the wonderful versatility of electronic control to thank for their viability, Electronics mostly digital electronics -has been responsible for most of the greatest advances in contemporary cars in one

way or another.

The best example of this comes under another pompous phrase – engine management Electronic control of both ignition and fuel injection bas tamed and civilised very nearly all high performance engine so that one can potter quietly through town and village even in a Ferrarl at low engine speeds without a hint of the spluttering and misfiring that



Jeremy Leng, of the Royal College of Art, with his car for the year 2010

would have betrayed that car's ancestors of 20 years back. The flexibility - the ability of an engine to work smoothly over the widest possible range of engine speeds, from peak power rpm down to nearly idl-ing – of many modern electronically mastered power

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Opportunities for "hyperplants" and "greyfield" developments.

units is astonishing. It is all due to adaptive control of both fuelling and ignition, with electronic control which can refer to a very detailed memory of ettings programmed into it. In this context, it is good to

see some manufacturers at last admitting the existence of high octane (98RON) unleaded pet-rol, and where adaptive knock sensing is available, program-ming the system to take full advantage of the more CAR FACTORY
REPORT BOD SUBSTITUTE STREET advanced (and therefore more fuel and power-efficient) ignition timing which this fuel permits, as well as adjusting the ignition to euit lower octane

fuel when it is used. The new Mercedes S-class es electronic engine control fully. One most interesting instance is in harnessing the fuelling of the engine to provide a much faster catalytic converter warm-up from cold. Such converters do not begin to perform their job of lower-ing hydrocarbons, carbon mon-oxide and oxides of nitrogen until they have warmed up to around 400 deg C, which usually takes about 1½ minutes

from a cold start. To cut this delay, the control unit briefly richens the fuel/air mixture fed to the engine and at the same time causes air to be injected in the exhaust port, so that unhurnt fuel in the exhaust ignites, raising the temperature in the catalyst to operating levels in half the usual time.

Variable valve timing first appeared on a production car with an Alfa Romeo engine, using purely hydraulic control. All the new S-class Mercedes draulic control of the inlet camshaft to provide three settings of valve timing overlap, which avoids the compromise

trol, and although the throttle pedal remained, throttle action during gear changes was taken over electronically. It worked very well, and is due to appear on an unnamed light van Valeo, the French rival to Fichtel and Sachs in Germany,

There was no clutch pedal, its action being taken over under electro-bydraulic con-

and Kongsberg Automotive, a Scandinavian company, except that Valeo, having successfully tested on a rally Lancia Delta Integrale, has beaten the rest to the first car fitment, as an option on the Ferrari Mondiale. With further electronic control and via some added hydraulic or electric servos, a fully antomatic version of a

fully antomatic version of a conventional spur gear manual gearbox is feasible, giving very high efficiency by eliminating the losses of a conventional automatic's torque converter.

Multiplex wiring has already been fitted first to the Cadillac Allante, but Bosch of Stuttgart now has a promietary existen. now has a proprietary system of its own. A version of it is fitted to both the BMW 850i and the new S-class Mercedes. Basically, multiplex offers a mildly complicated, less expensive way of simplifying vehicle wiring. This becomes signifi-cant in luxury cars, where up to 2 km of cable may be used

in one car's wiring loom. Normal wiring involves wires between fuse, power source, the individual electric load (window motor, lamp, door lock, mirror, rear window heater and so on) relay and the driver's control switch. Multiply by the vast and increasing number of loads in today's better equipped cars, and you have an electrical nightmare.

Multiplex in principle uses a single power supply cable, analogous to the ring main of domestic wiring, feeding all loads, and usually another ring of much lighter control cable, with short radial cables off to a miniaturised solid state "receiver" and switch on each

In charge of the control ring is the master processor, which when a driver-selected command is received, sends a coded signal round the ring which will actuate only the appropriate receiver, switch and load. The same set-up can be used to keep the control unit informed of the status and coodition of each load, warning

of any failure.
One of the few purely mechanical advances, for some time proposed but now in pro-duction for Mercedes and BMW, is double glazing of side windows. In the new S-class, two 3mm thick panes are separated by a 3mm gap of sealed dry air, giving a claimed 36 per cent reduction in heat loss and largely eliminating side win-dow misting. Noise transmis-sion from outside is said to be reduced by 50 per cent.

Michael Scarlett

Jeff Daniels investigates tomorrow's materials

Ideal sensor sought

IF THERE is an area of vehicle technology which might be said not to have fulfilled the promise it beld a few years ago, it is that of advanced materials. To a very large extent, today's cars are built of the same materials which have been employed for many years.

Major parts of engines are still made from that remark-able material, cast iron; transmission casings are more often cast from aluminium alloy to save weight. Suspension com-ponents are usually either fab-ricated from steel or cast in aluminium; so are the wheels themselves. In the area of seat-ing we have even seen a retreat to traditional methods of construction (as in the Mercedes S-class), as people have come to regard polyurethane foam as a material which is difficult to recycle and which generates CFCs during its manufacture.

The reasons for this apparent conservatism are clear. Cost and reliability loom large in the mind of every corporate product planner, especially if he is defining a car to be built in its millions. Changing to a completely new material can mean that the already huge cost of retooling to produce a major component must be mul-tiplied several times to cover the replacement of machines themselves. A fur-

been added of late by the huge public interest in recycling, in which metals have the advantage over plastics and composite materials generally. Even so, pressures remain

which cause engineers to look at new materials for a wide range of applications. It is still highly desirable to save weight and to improve comfort and refinement; these are both areas in which new materials hold some promise. It is also true that some new materials can afford major savings in manufacturing cost. This, for instance, is the driving force behind the seemingly illogical interest in the plastic engine. Plastics are still, probably, the new materials attracting

most attention from the motor industry, although ceramics run them close. One aspect of plastics which is not widely appreciated is the sheer range of materials and characteristics lumped together within that catch-all classification. It is certainly an obstruction to the wider understanding of

plastics that they all look much the same, and thanks to chemical industry nomenclature, even sound the same to the lay ear; it is only wheo alternative trade names, such

as nylon or Perspex, catch on that the differences are better appreciated. Yet, recent years have seen many new materials being offered, many of them highly capable "engineering

The engineering plastics materials, such as polysul-phone and PEEK (poly-ether-ether-ketane) are capable of replacing metals in demanding applications where loads and temperaturee are relatively high. They cost more than steel or aluminium, but in the right application they save both weight and manufactur-ing cost, since they can be moulded accurately to shape rather than fabricated, and need virtually no finishing.

They tend also to be less demanding so far as lubrication is concerned. Such plastics

are still being tested, but none will last 50,000 miles

Lean burn catalysts

are already replacing metals for components, such as roller-

The appearance of the engineering plastics has encouraged designers to take seriously the concept of the plastic engine. No engine can be all plastic; metal or ceramic mate-rial will always be needed (so far as one can tell at the moment) to contain the temperatures of the combustion

Increasingly, however, peo-ple are looking at the idea of the combustion chamber and some other high stressed areas, such as main bearings becoming inserts in a mainly plastic structure. The object is again to take advantags of the savings in weight and manu-facturing cost which plastic has to offer. Ford of Europe has already demonstrated an engine which goes a long way in this direction; one of the les-sons it taught was that plastics are nowhere near as good at noise attenuation as cast iron. The engineer's problems are, as always, diverse.

If plastics still attract atten-tion, interest in ceramics has waned. After a first flush of interest, engineers have grown wary of the "adiabatic engine" concept which was tried out in Japan, using ceramic compo-nents to surround the combustion chamber and prevent any significant rejection of heat. Turbochargers which need ceramic turbines are no longer so popular, and ceramic inserts provide thermal resistance parts of some engines now

work perfectly, so where is the need for further development? Even so, work continues on ceramics, above all in Japan. As a family of materials, its most critical applications today are in exhaust system catalysts in which porous ceramic forms

one of the holy grails of current materials research is a substrate which combines temperature resistance and mechanical etrength to with-stand the higher exhaust temperatures of a "lean burn" engine, which would permit big savings in fuel consump-tion. Most of the industry's major laboratories bave lean burn catalysts on test, but nobody yet claims to have made one which will last anything like the 50,000 miles

demanded by legislation. Ceramics can also be used in composite materials, While most people think of composites as plastics reinforced by glass or fabric fibres, it is also possible to use ceramic fibres to reinforce metals. This can lead to notable weight savings. Probably the best example to

date is the metal ceramic com-posite connecting rods which have been test run in Japanese engines with apparent success. Cost remains a barrier, but such components could become critically important if, as some engineers foresee, the main path of engine development is one of ever-higher specific output - squeezing adequate power out of smaller and lighter engines which will in consequence, be vary highly

sed internally. Yet another area of development in its earlier phases is that of "intelligent" materials. It is now clear that electronic control systems used in the cars of today and tomorrow are critically dependent on the quality and integrity of the information they receive from their sensors. Consequently, there is huge interest in new types of sensor which involve no moving parts and which are highly resistant to vibration,

temperature and corrosion.

The ideal sensor, in the eyes of the development engineer, is one that simply sits and relays information on the parameter in question in the form of an electrical signal. Materials already exist which change their electrical characteristics according to load, temperature and other factors; the hunt is on to widen the choice and their range of application. In the final analysis, this could be the most important area of new materials research for the motor industry.

ALTERNATIVE FUELS

Bush backs methanol

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COVENTRY POLYTECHNIC

Supporting advances in the motor industry

UNTIL QUITE recently, most industry experts looked for two things in their ideal fuel for the future. In the long term, it should extend hy one means or another the finite reserves of our fossil fuels.

inevitable with a convention-ally fixed valve timing, allow-

ing more nearly optimum timing for a good steady idling, good mid-range power, and

maximum power.
in the diesel field, Volkswa-

gen has just announced a sec-

ond "Umwelt" (environmental)

diesel, this time for the Passat.

As with the VW Golf Umwelt

diesel, a lightly-blowing turbo-

charger provides excess air at

all power levels, so that full power can be obtained without

Exhaust gas recirculation plus a simple oxidation cata-

lytic converter are fitted. As

well as reducing carbon dioxide, hydrocarbons and oxides

of nitrogen, the catalyst also

removes hydrocarhons attached to soot particles,

reduces particle emission and remarkably – by also reduc-ing polycyclic aromatic hydro-

carbon compounds, reduces the worst components of diesel

exhaust's notorious smell.
"Normal" exhaust gas emissions are kept below the strict-

est American limits, while the proposed German particle

kilometre is comfortably met. In the transmission field, a

little noted advance may well

alter the way we change gear, and more importantly could

cient automatic gcarbox. Britain's Automotive Products

some years back demonstrated

an automatic clutch transmis-

an automate their which one changed gear on a standard manual gearbox car simply by moving the gear lever.

relop into a more fuel-effi-

ission limit of 0.08 gram per

generating black smoke.

This implies the study of energy sources which may be alternatives to oil, such as electricity, gas, bio-fuels, methanol and hydrogen. In the short term, any such fuel should help as far as possible to minimise noxious exhanst emissions from internal combustion engines - carbon monoxide, unburned hydrocarbons and oxides of nitrogen.

To those concerns have now been added a third. While scientists seek to discover if the greenhouse" effect resulting from atmospheric carbon dioxlde huild-up really exists, their deliberations have been overtaken by public and political

We would be foolish, the popular argument runs, to wait for proof positive. Far safer to do something about it now

than to wait 10 years, before discovering that we should have acted then. Thus, concern has already joined the concern over "conventional" emissions and it is becoming relatively more important in the debate over future fuels. The problem is that there

are only two elements which are both abundant and which hurn readily and controllably: hydrogen and carbon. Today's hydrocarbon fuels are a mixture of both, in a ratio of about 85 of carbon to 15 of hydrogen, by weight. For anyone concerned with the greenhouse effect, therefore, an ideal fuel of the future would contain less carbon and more hydro-

Such fuels do exist. They are the subject of intense current research and indeed of legislation in the US. By far the most promising of such fuels are the alcohols, ethanol (vegetable-derived ethyl alcohol) and methanol (mineral-derived methy) alcohol, most celebrated in the

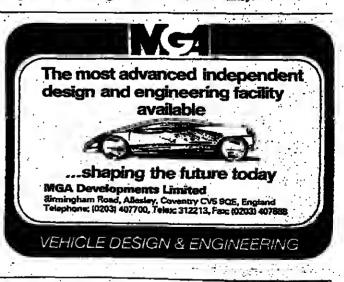
lay mind as the alcohol which causes blindness).
The appeal of the alcohols is

that, while conventional hydrocarbon fuels contain almost six times as much carbon as hydrogen, ethanol contains only four times as much, and methanol a little over three times as much. This has been enough to

encourage the Americans to greet alcohol fuel, and especially methanol, as a great step forward and write legislation enconraging its use into the statute book. President Bush has lent the methanol programme his public support. The world's major car manu-

facturers have prepared test fleets of "flexible fuel vehicles" able to run on any mixture of petrol or methanol. Yet at the same time, senior engineers in European and Japanese compames have begun increasingly to voice doubts about the wisdom of the methanol pro-

Jeff Daniels



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In the late 20th century, the Earth is forcing stark choices upon its human tenants. Now, the same ingenuity we've shown down the centuries in exploiting the Earth's bounty, must be used to conserve it. Working in closer harmony with the ecosystem is a priority because the Earth, we now fully appreciate, has no replacement parts – nor was it issued with any guarantee.

NO ROOM FOR COMPLACENCY

There are no In the 1990s, the motor industry, perhaps more rhan any other, is the focus of conserreplacement parts vation anxieties. This is a challenge that Mercedes-Benz acknowledge and

which they have already long been addressing. And today there is no facet of vehicle design, production, or use that is not rigorously analysed by Mercedes-Benz

as they search out and adopt more environmentally benign practices. Because industrial processes can

be a source of undesirable emissions, an area in which no industrial concern can feel complacent. Mercedes-Benz, therefore, are just as much in the vanguard of those detoxifying manufacturing procedures as they are in cleaning up vehicle exhausts.

CONSERVING BY RECYCLING

At Mercedes-Benz, the recycling process begins on the drawing board. Every ounce of steel, aluminium, lead and plastic that can be retrieved from a scrapped car, is an ounce that does not have to be fresh-minted from finite natural sources. Today, nearly 75% of a Mercedes-Benz is recyclable and the proportion is rising because the 'final servicing' of a car - rhe easy recycling of its components - is now part of the original design brief.

Enormous effort is also being put into lowering harmful factory emissions generally. For instance, the output of nitrogen oxides by rhe power plant at Sindelfingen, the biggest Mercedes-Benz factory, is, today, just 10% of what it was in 1980. Sulphur dioxide emissions are down to 8%.

WATER-BASED PAINTS ARE BEING PERFECTED

In the early 70s water-based dip priming was introduced in all production. This will soon be followed by a wholly water-based paint process (including

metallic finishes) that is already in operation on the SL sports car assembly line in Bremen.

These new paint processes release minimal solvent fumes into the atmosphere.



ENGINEERED LIKE NO OTHER CAR IN THE WORLD

The underbody prorection applied to all Mercedes cars is already completely solvenr free. And Mercedes-Benz were the first car makers to reject the environmentally damaging use of paint pigments based on toxic heavy meral compounds.

Today, in other parts of their plants, only refillable spray cans are used, so CFC use, roo, has been minimised.

The quantity of fresh water needed to produce each car has been reduced more than five-fold, which means that Mercedes-Benz factories have

drastically cut their outflow of waste warer. The longer-term plan is to eliminate polluted waste water altogether.

Meanwhile, biochemists are working on a process they believe will allow solvent-polluted water to be cleansed naturally through bacterial action.

BREEDING BIRDS ADOPT FACTORY ENVIRONS

As the outflow of emissions from Mercedes-Benz factories grows ever less harmful, there have been rewarding side-effects. For example, trees near the Unterturkheim factory, always " a haven for bird-life, are even more heavily populated

these days, as several species adopt the area to breed. Now the factory has installed 600 nesting boxes to help things along.

As early as 1972, each plant engaged its own environment officer, and the appointment of the senior co-ordinator of the company's environmental strategy is important enough to be a Board-level decision. And, since 1987, specialist employees have been trained as waste management and disposal officers.

INVESTING IN ENVIRONMENTAL PROTECTION

Mercedes-Benz embrace with determination their commitment to help reverse present threats to the environment. A further example of this commitment is the fact that a third of the research and development budget fot commercial vehicles is invested in environmental protection. Yet another is the cultivation of walnut trees to provide a constant supply of burt walnut inlays for Mercedes car interiors. By farming their own trees, Mercedes have

no need to deplete naturally occutring walnut stocks.

Today, the proper protection of the environment is everyone's business. But Mercedes-Benz also accept that they have a special responsibility for road transport's rapid development, because no one was earlier on the scene than they, in the 1880s. And, in the 1990s, no one can draw on such a vast store of experience.

THE INDEPENDENT design and engineering consultancies play a far larger role in the motor industry than is gener ally realised. Indeed, without them, the car producing indus-tries of Europe and the United States would quickly run out of new models.

A quick glance along any high street will give some indication of the important contribution the consultants play in producing the cars we drive today. Examples of their handiwork are everywhere:
The Fiat Tipo - designed by

IDEA of Turin. ●The Volkswagen Golf convertible - engineered and manufactured by Karmann of

●The Seat Ibiza - with its engine designed by Porsche of

The Volvo 440 - a car engineered, tested and manufactured in association with International Automotive Design (IAD) of Worthing.

And these are only examples for which there is an acknowledged input by the consultan-cies, which are notoriously secretive about their client

With the possible exception of Japanese models, almost every vehicle on the road today contains some alement of the consultants' skills.

It is a business that is likely to grow, even if, like all other aspects of society, consultancy work is suffering the effects of the economic slump.

The responsibilities are

becoming larger and larger," reports Mr John Shnte, chair-

Richard Feast looks at the role of the design consultancies

The backroom boys keep quiet

More and more assemblers are postponing all but their most vital projects. At the moment consultants are living a more hand-to-mouth existence on smeller three- or fourmonth projects. They are anxiously awaiting the economic upturn which will give assem-blers the courage to sign off on the big projects.

They know the multi-million pound turnkey projects will have to come if the car makers are to remain competitive in the middle and late 1990s. There is certainly no let-up in competitive pressure from the Japanese, who tend to retain much more of the design and development functions

The consultants also take heart from two trends: towards more niche vehicles and sborter product cycles. Once again, much of the impetus behind these stems from

Their car makers are geared to four-year model replace-ments, compared with the six years at least which have been normal in Europe and North

America.
In addition, lower volume niche products such as convertibles, coupes, sports cars, people-carriers and sports-utili-

MILLIONS

ties, are becoming increasingly popular, as customers demand vehicles that are different from

the mainstream. All these extra models have An these extra models have to be designed, tested and pre-pared for production. And with the assemblers becoming increasingly lean in their operations, much of the work will be contracted out to private consultancies.

Apart from the simple expedient of getting the job done, the other main reason for turn-

carmaker lo join a consultancy only to find himself working on the same project which has been sub-contracted to his new The heads of Britain's big-gest two consultancies started

Neither is it unknown for an

engineer made redundan! by a

their careers with big assem-Mr Shute began IAD after Vauxhall wound down its engi-

neering centre in England. Today, IAD has a turnover in

An engineer made redundant by a carmaker may join a consultancy only to find himself working on the same project which has been sub-contracted to his new employer

excess of £60m, and employs 1,450 people worldwide. Mr John Whitecross, chair-man and chief executive of ing to consultants is not diffi-cult to understand. The consultants reckon they can do a given job for a lot less money. "It varies, but we believe we man and chief executive of Hawtal Whiting, began with Briggs Motor Bodies and Ford. Today, his company has a turnover of almost £60m and employs 1,140 people in Britain and North America. can do it for nearly half the price," says Mr Ian Everard, sales and marketing director of Canewdon, one of Britain's medium-size engineering com-

INJECTING

ENGINE

TECHNOLOGY.

The consultants' specialities vary, but they span the whole gamnt of carmaking, from design to legal compliance by way of model making, panel beating, testing and tool The trend is for assemblers to reduce product development overheads - manpower - in order to concentrata on the core business of manufactur-

such British companies as IAD, Hawtal Whiting, MGA, Canewdon, Motor Panels, Tickford and Ricardo grew as the coun-try's vehicle manufacturing se declined.

More than half Hawtal Whit-ing's work is for North Ameri-can clients — a factor which makes it subject to the vaga-ries of exchange rates. "We've learned to live with the high dollar, and we've cut our cloth to suit," says Mr Whitecross.

Italian companies such as Ital Design, Pininfarina, Bertone and IDEA are best known for their styling abilities. But in these days of crash tests, hightweight construction, aero-dynamics and manufacturing aynamics and manufacturing automation, styling means more than creating pretty shapes. Today, the people involved are designers, not

stylists.
Pininfarina and Bertone also build niche vehicles on behalf of clients. Cabriolet versions of the Peugeot 205 and Vauxhall Astra are examples.

in this respect, they compete with Karmann, a company which specialises in the manufacture of low volume models that the big companies find uneconomical to make. Karmann's big client is VW, for which it builds Golf convert-

ibles and Corrado coupes. Porsche in Germany has long undertaken contract engineering for bigger companies. It can be lucrative work which frequently earns as much money for the company as sell-ing its own ears. Porsche's clients range from

Mercedes-Benz, for which it assembles certain sporty saloons, to Lada, for which it helped engineer the Samara hatchback.

It was also the inspiration for Britain's Group Lotus to start offering its engineering know-how to the volume car makers. Now that Lotus is owned by Genaral Motors, many of its clients are CM divisions, though it has worked for Volvo and Chrysler among oth-

More recently, motorcycle maker Yamaha was commis-sioned by Ford of Europe to design and develop a small four-cylinder engine. Yamaha is known to have previously worked for Ford in North America and Toyota in Japan. But the public will never know to what extent the consultants have been busy because of the extreme secrecy throughout the whole busi-

A large consultant may be working for more than one assembler at a time, and it is vital to maintain the rivals'

There is also the fact that most assemblers like to claim their new vehicles as entirely their own. And as the client is picking up the bills, the consultant has to remain silent.



Michael Scarlett on accidents

UK leads in road safety

ITS ENEMIES are fond of saying how dangerous the car is. Yet, if one takes into account the number of vehicles on the roads and the distance fhey cover in a year, it is remarkable that there are not many more serious accidents than statistics record.

German research, which measured tha millions of wehicle kilometres travelled for every singla traffic fatality between 1970 and 1987 showed safety rising in most of the developed world, with the UK the safest of all by 1987 at 175m whicle km per traffic death vehicle km per traffic death, narrowly ahead of west Ger-many (160m), the US (150m), and with France (33m), Austria

and Italy (50m) trailing.

Traffic legislators, bent on telling Germany that it must step into line and abandon Its lone adherence to no overall maximum speed limit on motorways, rather than the UK's 70 mph limit and the even

lower speed restrictions in the US, may have to think again.
Since there are more than 100m miles between fatalities in Britain — even 31m vehicle miles in Austria and Italy few of us ever see a fatal acci-dent on the motorway. Never-theless, it is fashionable to see the motor industry as laggards in making cars safer.

There are two sorts of car safety. Passive safety is the more recent discipline, where more recent discipline, where the designer does his best to protect car occupants from injury in a collision. Active safety is the ability a well-de-signed car gives the driver to avoid a collision — through good brakes, good tyres, good performance, good roadholding and nimble safe handling and nimble, safe handling.

For most manufacturers -

with some distinguished excepions such as Mercedes-Benz in Germany, Volvo in Sweden Rover company in Britain - in the drive towards higher passive safety it has been a case of legislators, especially in the US, leading the industry. However, legislation has tra-

ditionally set only low mini-mum standards for active safety. Such cars as the Tri-umph Herald, the Volkswagen Beetle and most early BMWs and Porsches might never hava been permitted off the production line if standards then had been as high as today's Many companies now exceed

legislative requirements on safety Usually, in the 30mph barrier impact test, the amount by which the steering column can be forced rearwards - not more than four inches under US safety rules - has been comfortably undercur.

And the industry's safety research has shown how existing safety tests may be inade-quate and how to improve them. One example arose in them. One example arose in the classic barrier crash test, in which a car is propelled at 30mph into a virtually solid 200-ton wall. This test has been at the core of most passive safety legislation since at least the US Motor Vehicles Safety

Act of 1966. Research into real-life colli-sions showed that the majority of serious cases occurred not when cars crashed squarely into one another or into solid objects, but where the contact was at an angle or only over part of the car's front.

A car developed to crash into a wall at right angles with maximum absorption of the deceleration forces, and minimum injury to occupents, might well not perform nearly so safely when hitting the same wall at 30 degrees off the right angle.

Worldwide, national safety

d steady

menth

standards vary quite widely, with the US still generally the most demanding (though when it comes to seathelt wearing, the US is still behind Europe). Impact absorption by the front of the car, together with passenger cell, is now well enough understood for comput-er-eided design and the results of impact simulation on a com-

testing unnecessary.

The first new engine whose design – and unusual cylinder arrangement - were partly influenced by crash absorption considerations was launched last November.

puter screen to make a lot of

Side collision is far harder to deal with

The Volkswagan-Audi group's 2.8-litre vee-six-cylin-der is conventionally arranged with two banks of three cylinders set at 90 degrees, for the longwaya engined new Audi 100. Vee-six engines are wide, but short lengthwise, leaving plenty of nose structure for impact absorption when they are installed lengthwise.

Three months later, VW revealed the long-rumoured similar capacity vee-six engine for the Passat, and later, for a top-end version of the new Golf due this autumn. A major reason for the 15-degree vee dispowith two banks of three cylin-

son for the 15-degree vee dispo-sition of its cylinders is that overall engine width is much less than on a 90-degree vee, allowing a maximum of crash-absorption length in the nose of the cross-wise engined la out used in all Volkswagens

In spite of mistrust by the public, tha air bag which inflates from a pocket in the steering wheel hub - and now adays out of the fascia in front of the front passenger on sensing the start of collision deceleration - is becoming mora widely accepted as well as

Hegally required.

There are now calls for similar impact absorption to cater for side impact, a frequent form of collision. Side-swipe protection has previously been confined to reducing intrusion into the passenger box with

25 30 3 1 5 1

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reinforcements in doors.

Side collision is far harder to deal with, because in contrast to front collision, there is in an average family car only onesixth as much length between the outsida and the nearest occupant and a far smaller thickness of structure in which to absorb impact. For this reason, soma rasearchers are working on applying the air bag to the side of the cabin as well as the front. Besides improving car occu-pant protection, a lot could be

done to reduce the chances of collisions by better manage-mant of traffic – which becomes daily more important as its volume increases. Some 14 European motor manufacturers and related companies

including Britain's Jaguar,
Lucas and Pilkington – have remarkable if under-publicise research programme to estab-lish safer traffic systems. All of which will help in the

future - but sadly not nearly as much as higher standards of driving.



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FINANCIAL TIMES COMPANIES & MARKETS

O THE FINANCIAL TIMES LIMITED 1991

Tuesday May 21 1991

Sedgwick steady in first three months

Sedgwick, the International insurance group which last year carried out a major cost-c programme, yesterday announced static pretax profits for the first quarter. Pre-tax profits in the three months to end-March came out at £42.6m (\$72.8m) against £42.5m last time. Sedgwick had reported sharply reduced full year profits of £69.3m that included £21m of exceptional charges for redundancies and clo-sures, especially in the US. Page 26.

Chilean gold mine leaves



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AND PROPERTY AND ADDRESS

ett on accident

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Torder to deal &

A prospective visitor to the Choquelimpie gold mine in the Chilean Andes will first have to undergo a strict medical ting blood pressure and pulse rates. Cho-quelimple is the world's mine, at 4,825 meters, and ahifts 4.5m tonnes of gold-bearing rock a year. But one in every three visitors suffers altitude sickness which causes headaches, nau-sea and, sometimes, vomiting. Kenneth Good-

ing reports on how the operators cope with working at these difficult altitudes. Page 30

Polly Peck's silver lining

Vestel has risen above the dark cloud hanging over Polly Peck International. PPI'a Turkish consumer electronics subsidiary boosted profits by almost four times in 1990. Vestel's success provides an object lesson for its rivals. how a foreign investor new to the field can shake up a well-established industry. John Murray Brown reports on one of PPI's more resilient subsidiaries. Page 28

First fall for JVC in four years

JVC, the Japanese con-sumer electronics company, yesterday reported its first pre-tax with a 27 per cent drop in consolidated pre-tax profits for the year to March 1991 to Y26.3on (\$190m). It attributed the fall to increased price competition, and higher spending in research and development and advertising. Page 20

Bond swap moves a step nearer



Alan Bond, former chairman of the Bond Corpocent less of the com-pany's shares if a proposed debt-for-equity swap approved yester-day by shareholdars in Perth is carried out. Peter Lucas (left), who replaced Mr Bond as chairman last year, said Mr Bond voted in favour

of the reconstruction.
The vote follows approval from Swiss franc clears the way for a vote by other European bond holders within the next fortnight. Kevin Brown reports. Page 20

Barlow Rand falls 14%

Barlow Rand, South Africa's largest industrial group, yesterday announced a 14 per cent profits decline in the aix months to March as Middelburg Steel, a big subsidiary, suffered a loss. Turnover rose 12 per cent to R15.5bn (\$5.5bn), but pressure on margins saw operating profit 1 per cent lower at R1.2bn. Page 22.

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Chief price changes yesterday

Montedison rises 13% in first quarter

By Haig Simonian in Milan

MONTEDISON, the Italian chemicals, energy and agro-industrial concern controlled by the Ferruzzi group, said yester-day that it had recorded a 13 per cent rise in operating profits for the first quarter of 1981. The group also revealed consol-idated after-tax profits, net of

minority interests, of L556bu (\$437m) for 1990. Sales were little changed at L14,739bn against L14,773bn in 1989.

Comparison with 1989 earnings is virtually impossible, due to the merger announced last July between Montedison and Ferruzzi Agricola Finanziaria, Ferruzzi's agro-industrial subsidiary. Matters are further complicated by

ENICHEM, the Italian chemicals group previously known as Enimont, plunged into the red last year with a loss of LSShn (\$68.45m), after a profit of L716bn in 1989, writes Haig Simonian in Milan.

Before minority interests, the loss amounted to L68hn, against net earnings

The group, controlled since last November by Italy's state-owned Eni chemicals and energy concern, blamed its loss on the

the sale last November of Mont-edison's 40 per cent stake in the Enimont chemicals joint venture to Eni, the state-owned group. However, the sale brought Montedison a welcome liquidity, reducing group dsbt from

L6,755bn at end-December 1989 to L5,815bn at the end of last year. The disinvestment has also rid the group of a troublesome bulk chemicals business just as it was slipping into loss, and more than compensated for the expense

depression in the world chemicals indus-

The company is restructuring involving The company is restructuring involving job losses, disposals and joint ventures.

EniChem said earnings had been hit partly by lower demand and decreased margins for many of its products. Exchange rates and a sharp rise in costs in the second half also affected earnings. Group sales fell by 1.9 per cent from L15,347hm in 1989 to L15,060hm, with the

incurred in buying out the minor-

ity interests in Montedison's Himoni subsidiary in the US. In 1989, Montedison's group net profits were already confusing.

Although group net earnings amounted to L1,156bn, if extraor-

sharpest falls being in agro-industrial products and elastomers. products and elastomers.

Not group operating profits fell to
L743bn from L1,685bn in 1989, while net ebt rose to L8,341bn against L6,186bn in

However, EniChem managed a small profit of L800m at the parent company level. As a result, the company will be able to pay a dividend of L15 a share against 185.20 in 1989.

Gross operating profits dropped from L1,820bn in 1989 to

dinary gains stemming from Eni-

mont-related revaluations were deleted, then profits actually fell

L1,631bn last year. The figures include L618bn in uet operating profits and L1,013bn in deprecia-

profits and L1,0130h in Cepreciation, against L830hn and L830hn respectively in 1939.

The company, which is maintaining its dividend at L50 for each ordinary share and L70 for savings shares, attributed the sharp earnings fall to the downturn in the chemicals industry.

The polymers business was

The polymers business was particularly difficult. Lower raw material costs did not compensate for the fall in finished prod-uct prices. Earnings were also affected by exchange rate factors and dry weather in Europe, which boosted raw material prices on the agro-industrial side.

Tottenham shares Gascoigne's pain

The injury to Britain's best-known footballer has jeopardised his club's financial hopes. Jane Fuller reports

hen Paul "Gazza" Gas-coigna crumpled to the ground during Satur-day's FA Cup Final, his right knee visibly swelling, Tottenham Hotspur's financial hopes crum-

The London football chib, one of the UK's big five, had counted on selling Gascoigne to the Italian chib Lazio for £7m-plus, to halve its debts of £13m-£14m. Now that torn ligaments have sids-lined him for several months, tha deal is in jeopardy and the club must think again. For its part, Midland Bank, owed £10m-£11m, must decide how much longer to be patient.

Since last year, the club has been in breach of its loan agreement and Midland can call the debt in at any time.

Tottenham's predicament is a lesson to the other big UK clubs in how mis-managed diversification and lex control of stadium development can bring even a cup-winning chib to the brink of

cup-winning club to the brink of bankruptcy.

The lesson is particularly relevant as UK soccer is faced with spending hundreds of millions of pounds to create all-seater stadia as a result of the Taylor report into the Hillsborough disaster.

Midland Bank's decision is not an easy one. Tottenham is paying its total interest bill of \$25,000 aweek and has reduced bank debt from \$12.8m last May. After clos-ing loss-making clothing subsid-iaries and cutting costs, the club's 1990-91 operating profit should be better than the £2m earnt last year. The victorious FA Cup campaign will have con-tributed about £500,000.

Tottenham is alone among the big five in having much in the way of borrowings. Arsenal and Manchester United are both launching big fund-raising issues
– bonds to secure seats and a stock market flotation respec-



tively - from a debt-free base. Neither Liverpool nor Everton paid any interest in 1989-90. But while its rivals are raising money for future development of their stadia, Tottenham needs the cash to remedy past mistakes. These include cost over-runs on the East Stand at White Hart Lane, which eventually absorbed £8.7m, and unsuccessful forays into fashion and sportswear, which lost several hundred thou-

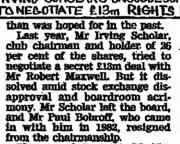
sand pounds last year.
Selling Gascoigne had become
more urgent as hopes faded for
alternative sources of capital either a substantial rights issue or the takeover of the club by a consortium backing Mr Terry Venshles, the team manager. Mr Venshles' future with the club is now in doubt because of his chal-lenge to the board and the expiry



of his contract this summer Without a fresh capital injec-tion, Tottenham cannot hope to regain its stock market listing, suspended in October with the sbares at 91p.
Tottenham can, of course, self-

players other than Gascoigne. Gary Lineker, the 30-year-old England striker, might fetch the best part of £2m. Paul Stewart, scorer of a crucial goal on Saturday, might be worth more than the £1.5m Tottenham paid for him in 1988. In all, a dozen of the club's 34 professionals have been assigned a book value of £9m including £2m for Gascoigne.
But the sums are small com-

pared with the amount Gascoigne would have raised. Similarly, any rights issue or other capital-rais-ing exercise that Tottenham might conduct now looks smaller



The new chairman is Mr Nat Solomon, former bead of Pleasurama. Since his arrival, the finance company Baltic is under-stood to have offered to arrange a one for one issue at 40p-a-share — but that would have raised less than £4m after expenses. Mr Venables's efforts to buy

into the club have also proved unacceptable. His first tilt, said to be worth £20m-plus, was via a



1991 : £7m+ SALE

consortium including the ahadowy property dealer Mr Larry Gillick and advised by the struggling finance house Tranwood Earl. It did not convince the

His second effort was far more modest: to spend at most £3.25m each to gain a maximum stake of 35 per cent. Although this went down well with the shareholderfans, who have lost patience with Messrs Scholar and Bobroff, it failed to win enough support among directors and major share-holders, some of whom Mr Vena-

bles wanted to force out.

Mr Tony Berry, who joined the board before his Blue Arrow group ran into trouble, is a Venables supporter. But another directors are the ware is an extension. tor says the move is an attempt to control the club on the cheap.

These divisions and the feeling

long-term chairman, bave made the task of structing new investors all the more difficult.
Other top football clubs hope
to avoid similar problems. Manchester United has stressed that it will not diversify away from football. It expects to make a pre-tax profit of about £5m this year on a turnover of about £15m, thanks to success in the Euro-

that Mr Solomon, brought out of retirement for the job, is not a

pean Cup Winners' Cup.
Arsenal has chosen to cash in
on its fans' emotional ties, rather than on an appeal to harder-headed investors who would want interest or dividend payments. It is offering seats, reasonable season ticket prices and better facilities to raise £16.5m from

12,120 supporters.
Tottenham says it needs to spend less than its rivals to conply with the Taylor report because of previous investment in new stands. It estimates that £2.5m of new investment plus £2m grant from the Football Trust will make White Hart Lane all-seater by the deadline of August 1994.

On the revenue side it can look forward to about £2m from European football next season, plus price rises of more than 20 per cent. Attendances might fall,

Tottenham's problems illus-trate how British football must balance its twin needs for investment: in new stadia, and in players. The risks and rewards are great. Without new stadia, the clubs cannot meet government requirements. Without strong teams, the clubs cannot take proper advantage of their return to European competition, and of the possible emergence of superleagues at home and in Europe. See Lex Page 18

LTV plan to sell defence unit criticised by creditors

By Martin Dickson in New York

LTV, the US steel company, LTV, the US steel company, yesterday announced plans to sell its large defence and aerospace business to help it out of bankruptcy proceedings – but it ran into immediate opposition from creditors of the division.

LTV's defence and aerospace company makes missiles, rockets, space systems, military vehicles and sub-assemblies for military and commercial aircraft it is the

and commercial aircraft. It is the 20th largest defence contractor in

the US.

The division employs 18,100 people, had sales in 1990 of about \$2bn and its current order backthe business has been barely profitable in recent years, with the aircraft products side making a \$19.3m operating loss last year and missiles and electronics a profit of \$2m.

LTV has been in Chapter 11 the sale of the defence division. bankruptcy proceedings since 1986 but earlier this month 1986 but earlier this month announced a plan to emerge from the protection of the courts, involving paymant of large amounts of available money to settle a long-running dispute over the funding of its three pension plans. That package was immediately attacked by the group's unsecured creditors, who would be paid a maximum of only 25 per cert of their claims. per cent of their claims.
It is selling the defence division to meet a requirement that it pay about \$450m in cash imme-diately into the pension plans. LTV said when it unveiled the

However, the disposal plan stirred up opposition among creditors holding about \$170m of the aerospace unit's \$300m debt. This group is concerned that the restructuring plan has made lit-tle distinction between creditors of the steel side, where most of the pension obligations lie, and its healthier acrospace side.

The creditors said the LTV plan was a "cynical and ill-conceived attempt to confiscate value which rightly belonged to them," and there was no business justification for selling the

operations now.

Analysts said the company could have difficulty selling the division at a good price; although US commercial aircraft sales are relatively buoyant, American defence spending is declining.

Brent Walker to unveil bank plan By Maggie Utry

restructuring plan that this commitment would require it to raise \$300m through asset sales -

although it expects to realise sub-stantially more than that from

MR GEORGE Walker, chief executive of Brent Walker, was confident yesterday that the heavily indebted leisure group's bankers would accept a business plan to ensure its survival. The shares rose 3p to 32p.

The former boxer said his confidence was based on relatively good trading and the fact that it was "in no one's interests" to put the group into administration. Banks, which have lent over £1.2hn (\$2.4hn) to Brent Walker,

would suffer large losses if the company went bankrupt. Since last November, when an emergency rafinancing was agreed with its banks, Brent Walker has only been able to con-tinue trading with their support. Now its creditors have to decide whether to put the group's finances on a firmer footing for the longer term, and how to

Looking cheerful and flanked by the senior directors appointed since the group's refinancing, Mr Walker said he could not reveal any details of the plan ahead of presenting it to the banks this afternoon. All he would disclose was that the plan envisaged no reduction in his role at the company. He, with his family, is the

company's largest shareholder. The plan is thought to include proposals to sell assets such as the group's casinos and some of its sports and leisure complexes. Brent Walker wants to keep the William Hill betting shop chair; its brewing and pub busines and leisure developments such as Puerto Sherry in Spain and Brighton Marina on the south coast of England. A proposal to convert some of the group's bank debt into shares is unlikely. Mr Walker was supported in

his optimism by Lord Kindersley,

chairman, and Mr Nicholas Ward, group managing director. Mr Ward said that the plan being put to the banks was "realistic, achieveable and a sensible way forward for this group". Their bullishness was despite

the announcement of a retained 1990 loss of £255.9m (against a profit of £104.7m), a £499.2m write-down of property values and a £690m fall in shareholders' funds to £139m. Brent Walker did not pay a final dividend for 1990. It warned it would make an over-all loss this year and would pass the dividend on its preference

Operating profits rose by 8.2 per cent to £122.2m. Net interest charges of £116.2m (£44.1m), exceptional debits of £38.1m and extraordinary debits of £201.8m did most of the damage to the

May 1991 LYRICHOTELS LTD. £25,700,000 Management Buy-In £11,100,000 **Equity** Arranged by ENTURES Underwritten by funds advised by County NatWest Ventures Limited Causeway Capital Limited Murray Johnstone Limited Hambro European Ventures Limited £14,600,000 Senior Debt Facilities Arranged by **COUNTY NATWEST** Underwritten by Bank of Scotland County NatWest Limited Provided by Bank of Scotland County NatWest Limited The Hongkong and Shanghai Banking Corporation Limited & The NatWest Investment Bank Group County NatWest Limited is a Member of The Securities and Futures Authority

How to Make Inroads into the Japanese Market

On February 28, 1991, a European company announced a takeover bid for a Japanese company. Yamaichi Securities Co., Ltd. acting as dealer-manager assisted the European company, in just over three weeks, to successfully acquire a 99% interest in the Japanese target. This was the first TOB launched in Japan under the revised Securities and Exchange Law, which was amended recently along the lines of American and UK statutes. What are the requisite strategies for making a successful acquisition in the Japanese market—despite its reputation for being closed to foreign takeovers?

The dawning of a TOB era in Japan

On February 28, 1991, a full page announcement in Japan's leading newspapers heralded the coming of a new era:

Asea Brown Boveri (ABB) of Switzerland, the world's largest manufacturer of heavy electrical machinery, made a takeover bid through its affiliate Gadelius (Japan) K.K. for Fuso Power & Heat Industrial Co., Ltd., a leading maker of automotive painting equipment. In this acquisition,

Yamaichi Securities Co., Ltd. acted as financial advisor to Gadelius and took part in the purchase as dealer-manager of the TOB. It was the first full-fledged TOB in Japan by a foreign-affiliated company made with the object of obtaining control of a Japanese business. Through this buy-out, Gadelius was able to expand into the Far East by establishing a strong foothold in the Japanese market and gain access to the heart of the Japanese automotive industry, represented by such makers as Toyota and Nissan.

On March 15, 1990, in an interview with the Nikkei Sangyo Shimbun, Isamu Suzuki, executive vice president of Gadelius and project leader in the recent TOB, had the following comments to make regarding business takeovers. "While we resorted to a buy-out because an in-house effort would have been too time consuming, purchase of a Japanese company requires the assistance of an intermediary to act as a matchmaker between the two parties. The process is slower when you have to negotiate through an intermediary rather than face-to-face with the counterparty's management, but in a corporate culture where face is highly valued, use of an intermediary is the key to a successful corporate acquisition."

And not just any intermediary—Gadelius was not alone in turning first to Yamaichi. In the first six successful takeover bids mounted in Japan by foreign companies, Yamaichi has mediated in four of them. The company's disproportional representation in the M&A league tables stems from its premier standing among the M&A houses in Japan. Since 1973, when Yamaichi established the first wholly separate M&A department in Japan, the company has recorded a long string of pioneering accomplishments: They handled the first tender offer by a foreign company of a Japanese company, the first acquisition by a foreign company of a quoted Japanese company, and the first successful tender by a Japanese company of a company from a rival keiretsu, or affiliated business group. Since then, Yamaichi has amassed a wide range of M&A experience, from TOBs, to asset transfers, including divestitures, equity participation and straightforward mergers.

Composition of M&A Announcements (Involving Japanese Cos. only; Domestic/Foreign)

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Issued by Yemeichi Securities Co., Ltd. and for the purposes of Section 57 of the Financei Services Act 1995, approved by Yemeichi Memeional (Europe) Ltd., which is a member of The Securities Associated by Yemeichi Memeional (Europe) Ltd., which is a member of The Securities Associated by Yemeichi Memeional (Europe) Ltd., which is a member of The Securities Associated by Yemeichi Memeional (Europe) Ltd., which is a member of The Securities Associated by Yemeichi Memeional (Europe) Ltd., which is a member of the Securities Associated by Yemeichi Memeional (Europe) Ltd., which is a member of the Securities Associated by Yemeichi Memeional (Europe) Ltd., which is a member of the Securities Associated by Yemeichi Memeional (Europe) Ltd., which is a member of the Securities Associated by Yemeichi Memeional (Europe) Ltd., which is a member of the Securities Associated by Yemeichi Memeional (Europe) Ltd., which is a member of the Securities Associated by Yemeichi Memeional (Europe) Ltd., which is a member of the Securities Associated by Yemeichi Memeional (Europe) Ltd., which is a member of the Securities Associated by Yemeichi Memeional (Europe) Ltd., which is a member of the Securities Associated by Yemeichi Memeional (Europe) Ltd., which is a member of the Securities Associated by Yemeichi Memeional (Europe) Ltd., which is a member of the Securities Associated by Yemeichi Memeional (Europe) Ltd., which is a member of the Securities Associated by Yemeional (Europe) Ltd., which is a member of the Securities Associated by Yemeional (Europe) Ltd., which is a member of the Securities Associated by Yemeional (Europe) Ltd., which is a member of the Securities Associated by Yemeional (Europe) Ltd., which is a member of the Securities Associated by Yemeional (Europe) Ltd., which is a member of the Securities Associated by Yemeional (Europe) Ltd., which is a member of the Securities Associated by Yemeional (Europe) Ltd., which is a member of the Securities Associated by Yemeional (Europe) Ltd., which is a member of the Secur

Expansion of the M&A market

The attached table illustrates the trend in mergers and acquisitions involving Japanese companies. It can be seen that, while the number of cross-border takeovers has remained more or less unchanged, domestic deals have surged recently, to become the most active sector in Japanese M&A.

The latest trend contradicts common opinion which holds that M&A deals targeting Japanese companies are met with strong resistance. The reasoning has been that managements feel paternalistic towards their companies, and so, relinquishing control to an outsider, regardless of nationality, amounts to failure and betrayal. Although there is more than a little truth in this, the statistics clearly show that even in Japan, M&A has taken firm root.

If a Japanese company now can purchase another Japanese company, what are the prospects, then, of a foreign company to do the same?

M&A as practised in Japan

"With the proper advice and guidance, a foreign firm should have no more difficulty than a Japanese company in striking a successful M&A deal," says Masaru Matsui; attorney-at-law and a legal advisor with Yamaichi's M&A department, who helped mediate between Gadelius and Fuso.

"For Japanese companies, internationalisation is a big issue and, in many cases, from the point of view of global business strategy, the potentially complementary relationship established by a foreign buyer would be a more desirable option," he adds.

It has taken a long time for TOBs to become accepted in Japan. In 1973, when Yamaichi's M&A department first opened its doors, the buying or selling of a Japanese company for *any* reason raised eyebrows. For Yamaichi, it has been a continuing search for ideas and techniques that can translate the practical benefits of healthy M&A into the idiom of Japanese business mores.

In the opinion of Genji Sugiyama, president of Yamaichi International (America) in New York, the base for Yamaichi's US M&A team, a TOB is still not without

its pitfalls. "It is true, however, that any number of difficulties may arise from the clash of cultures as the two parties pursue their negotiations. The presence of a Japanese advisor who is comfortable in both cultures is indispensable for ironing out these problems and bringing the talks to a successful conclusion."



Tokuo Ukon, Managing Director and Chief Executive of Yamaichi International (Europe) in London, concurs, "The Gadelius-Fuso deal is proof that a foreign company with a clearly conceived business strategy, together with an experienced Japanese advisor, has a good chance of success in any bid for a Japanese business company."

Aside from the sweeping changes in Japanese perceptions of M&A as a viable business option, measures are also afoot to improve the infrastructure for corporate acquisitions, such as further revision of the TOB regulations.

According to Masaru Matsui, "Control over corporate acquisitions by foreign-owned businesses is now greatly relaxed, thanks to a revision of the TOB regulations in December 1990. The revision included, among other things, abolition of the requirement for advance notice to be made to the authorities, extension of the period for a TOB offer, and decontrol of the delegation of a proxy by a foreign company in filing a TOB notification.

"Additionally, regulations were eased in other related areas, such as the Large-Scale Retail Store Law, helping for instance, Toys "R" Us, Inc. to advance into the Japanese market," he adds.

With a GNP of ¥389 trillion (fiscal 1989), the Japanese market is certain to become more open and attractive to foreign buyers.



Managing Directo & Chief Executive malchi Internationa (Europe) Limite

The strength of Yamaichi's traditional ties with the corporate sector is one element that has made the Group a leader in domestic and cross-border M&A. Yamaichi's full operational and managerial independence from any of Japan's large business and financial conglomerates allows its M&A team to move freely in contacting any company.

Yamaichi's M&A department maintains full-time staffs in New York, Los Angeles, Toronto, Montreal, and in London, which serves as the base for European coverage. These M&A teams are composed of legal, accounting and coverage specialists who work closely with Tokyo's M&A staff in providing coordinated global coverage. As for other markets, such as Asia and Australia, Yamaichi's local offices work jointly with the Tokyo M&A team.

To further strengthen its international presence, Yamaichi established a strategic alliance in October 1988, with Lodestar Partners, a US investment bank specialising in M&A.

Yamaichi Group's comprehensive business lines range from brokerage, portfolio advice and fund management to innovative corporate finance and M&A assistance. The central goal at Yamaichi is to serve clients in whichever market accommodates them best, through 28 overseas bases and 127 domestic branches as well as 10 affiliated companies.

NOTICE TO THE NOTEHOLDERS

STATE BANK OF SOUTH AUSTRALIA

A\$ 50'000'000 Puttable Adjustable Rate Notes due June 11, 1992 (redeemable at the Noteholders option) Unconditionally and irrevocably guaranteed by The Treasurer of the State of South Australia (EC No. 52875)

According to Article 3(c) of the Terms and Conditions of the Notes the interest rate for the period June 11, 1991 to June 11, 1992 has

The interest amount on A\$ 1000 comes to A\$ 105.625

in accordance with Article 5(b) of the Terms and Conditions of the Notes State Bank of South Australia will, at the option of the holder of any Note, redeem on any interest Payment Date (June 11), such Note at its principal amount provided that all unmatured Coupons relating thereto are attached thereto or surrendered therewith. To exercise such option the holder must deposit such Note together with all unmatured Coupons relating thereto (other than theCoupon maturing on the Interest Payment Date on which such Note is to be redeemed) with any Paying Agent mentioned below not earlier than the date of publication of the Plate of Interest Amounts applicable to the Interest Period next following such Interest Payment Date nor later than the sixth Business Day prior to the Interest Payment Date. No Note, if so deposited, may be withdrawn without the prior consent of the State Bank of South Australia. This year the Put period will run from May 21, 1991 to May 31, 1991.

May 21, 1991. By: Swiss Bank Corporation, Agent Benk For and on behalf of State Bank of South Australia

> Fiscal and Principal Paying Agent: Swiss Bank Corporation, Basel

Paying Agents: Banque Générale du Luxembourg S.A., Luxembourg Swiss Bank Comporation, London Swiss Bank Corporation (Canada), Toronto

INTERNATIONAL COMPANIES AND FINANCE

K-Mart unveils 7% rise in income

By Karen Zagor In New York

K-MART, the world's second biggest retailer, yesterday unveiled a 7 per cent improvement in first-quarter net income on sales which advanced 9 per cent. For the three months ended

May 1, K-Mart raised net income to \$107.5m, or 53 cents a share against \$100.1m, or 50 cents, a year ago. Sales advanced to \$7.64bn from

The results were at the high end of expectations, and shares

in K-Mart gained \$1% to \$41% at midday yesterday. Mr Joseph Antonini, chairman and chief executive, said

the company was encouraged by the results "as favourable comparisons were achieved despite the difficult economic environment throughout the He added that customers had reacted favourably to the com-pany's merchandising proance mark-downs of winter

Selling, general and adminis-

period"

in the quarter to \$1.70n from pared with \$32.5m a year earl-

K Mart's gross margin in the quarter decreased to 24.8 per cent of sales from 26 per cent a year age, reflecting a greater sales contribution from the company's lower-margined PACE Membership Warehouse business, and increased clear-

spparel at the beginning of the quarter.
The pre-tax last-in first-out

K-Mart, which enlarged, refurbished or relocated 87 stores in the first quarter, said it planned to complete its programme for 450 to 500 projects by the end of the year.

What country 2007 K-Mart

K-Mart operates 2,837 K-Mart stores and is the parent company for Pay Less Drug Stores, Builders Square, Waldenbooks, PACS Mambership Warehouse and The Sports Authority.

Toys 'R' Us falls to \$22.4m NY landmark up for sale By Karen Zagor

THE MOST famous skyscraper in America - the Empire State Building - has been put up for sale by its owner, Prudential Life Insurance Company of America, for about \$50m, Reu-

ter reports.

Prudential was not available for comment on why it was up for sale, but there is specula-tion that the company might be under pressure to raise capi-tal to offset bad real estate

It is considered a bargain at today's real estate prices because a master lease, in effect since 1961, ties up actual

control of the skyscraper until the year 2076. Without that master lease, real estate experts say the price of the building would be over \$60m. Prudential owns the building and the land it sits on at 34th

Street and Fifth Avenue. It

receives \$3.4m a year for the building, but this will be cut to 2m next year.

The two real estate partner-ships that manage the building keep all the profits from rentresp all the profits from real-ing it above the fee paid to Prudential until their lease runs out in 2076, when the building will be 145 years old.

TOYS "R" Us, the US chain of toy stores, yesterday turned in first-quarter net earnings of \$22.4m, or 8 cents a share, compared with \$38.2m, or 11 cents, a year sarlier, although sales rose 9 per cent to \$1.03bn from \$944.8m.
Mr Charles Lazarus, chairin the Christmas quarter, largely due to aggressive dis-counting and promotions by

man and chief executive, said sales had increased in all three of the company's segments. The results were in line with expectations and, at mid-session, shares in Toys "R" Us were unchanged at \$27% on the New York Stock Exchange.

The company was one of the last US retailers to feel the hite of the recession, but quarterly earnings started to slide

other toy sellers. Mr Lezarus said the store expansion programme was on schedule. The company oper-ates 451 tey stores in the US, 97 toy stores overseas and 180 Kids "R" Us children's clothing stores. It plans to open about 80 toy stores, including its first in Japan and Spain.

CRA extends CAIL bid as acceptances fall short of target

By Kevin Brown in Sydney

CRA, the Australian mining group, yesterday extended its takeover offer for Coal and Allied Industries (CAIL) for the second time after its bid of A\$8.50 a share failed to attract sufficient support for control.

CRA, 49 per cent owned by RTZ of the UK; said it had received acceptances for 33 per cent of CAIL's voting shares well short of its target of 50:1 per cent.

The group said it had extended the offer until Friday to allow time for further accep-tances to arrive from individ-ual shareholders and institutions who have had practical

difficulties in accepting the offer.

Mr Duncan Sutherland, CRA's vice-president for strategy and acquisitions, said the group was hopeful that a "not insignificant number" of further budden would second. ther shareholders would accept the bid, which values CAIL at A\$472m (about US\$370). Mr

Sutherland said CRA believed several larger shareholders would accept the offer because of concerns about the reduced liquidity of the shares and the likelihood of a full in the manket price, which has been buoyed by the bid.

The offer was increased from A\$7.85, a share, and declared unconditional last week after CRA received only a handful of acceptances for its original hid. would accept the offer because

sceptances for its original bid, which valued the company at

A\$635. The shares closed & cents lower last night at A\$8.54, 4 cents above the offer price. The acquisition of CAIL would probably allow CRA to overtake the Broken Hill Propretery Company as Australia's biggest coal exporter by the middle of the decade.

CAIL directors have argued that the bid does not adequately reflect the strategic value to CRA of its low-cost

value to CRA of its low-cost

Barlow Rand falls by 14% on steel unit loss

By Philip Gawith

BARLOW RAND, South Africa's largest industrial group, yesterday announced a 14 per cent profits decline in the six months to March as Middelburg Steel, a big subsid-iary, suffered a loss. Turnover rose 12 per cent to R15.5bn (\$5.55bn), but pressure

on margins saw operating profit 1 per cent lower at R1.2bn.

Attributable profit was down to R348m from R403m. The div-idend was maintained at 51

cents per share.
The lower profits reflect the R17m loss at Middelburg Steel which is suffering from over-supply in the world ferro-chrome market and a strong rand. Barlows has announced it will be reducing its stake in wholly-owned Middelburg Steel later this year by a free distribution of shares to Barlow shareholders. This will make the group less succeptible to the group less susceptible to Middelburg Steel's cyclical

earnings.
On the industrial side, good performances by sugar, Tiger-Foods and pharmaceutical companies in particular saw contributions from food and pharmaceuticals rise 16 per cent to contribute 34 per cent of group profits. This was off-

set by a 27 per cent decline in the contribution from mining and processed minerals to only 22 per cent of the group total

8 RAND MINES, the mining
house controlled by Barlow
Rand, said it might cut its annual dividend by up to 50 per cent because of restructur-

ing costs.
The costs relate to the imminent disposal of its troubled Barplats/Barmines platinum interests. Negotiations with Impala Platinum on the dis-posal of the platinum interests have reached an "advanced

stage". Mr Dammy Watt, chairman, said an agreement with Impela would involve Rand Mines assuming about R200m of Barmines debt. It would also be followed by a Rand Mines write-down of its platinum investments.
At current share price levels this would total about

450.5

Attributable profit rose 8 per cent to R104.3m from R96.6m in the six months to the end of March on a 13 per cent increase in turnover to

R856.6m. The interim dividend was reduced to 100 cents per share

Interpublic takes control of TV game show group

By Alice Rawsthom

INTERPUBLIC, one of the largest US marketing groups, has become the biggest player in television games shows by taking control of Fremantle International, which owns the rights to The Price is Right, Family Feud and The Dating Game.

The company has increased its holding in Fremantle to 80 per cent for an undisclosed

The remaining shares are owned by Mr Paul Talbot, who will continue as president.

Fremantle specialises in buying the rights to US games shows and "repackaging" them for sale to television companies in other countries. The Dating m other countries. The Dating Game, for instance, has been repackaged as Blind Date for the UK.

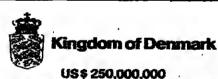
The Price is Right, its most

successful show, is now sold all over western Europe and is shown seven days a week on

shown seven days a week on the TFI channel in France. Fremantle has six shows a day on TFI and seven a day on Channel 5 in Italy. Interpublic, which owns the McCann-Erickson and Lintas international advertising agen-cies, first became involved with Francourte two poors ago with Fremantle two years ago when it bought 49 per cent of

the equity.

The Interpublic agencies have led the trend for large advertising groups to become more involved with programme production. Lintas has a production subsidiary, EC Television, which distributes Wheel of Fortune, the games show, and recently produced Riviera, the first pan-European soap opera.



In accordance with the description of the Notes, notice is hereby given that for the interest period May 21,1991 to November 21,1991 the Notes will carry an interest rate of 10 % per annum.

Floating Rate Notes due May 1995

The interest payable on the relevant interest payment date, November 21,1991 against coupon no 13 will be US\$511.11 for each US\$10,000 Note,



KREDIETBANK S.A. LUXEMBOURGEOISE

The Agent Bank



REPUBLIC OF ICELAND

U.S.\$100,000,000 Floating Rate Notes Due 1994 sice is hereby given that the rate of interest has been fixed at 6.4% and that the interest payable on the relevant interest payment date, November 21, 1991 against Coupon No. 5 in respect of US\$10,000 nominal of the nates will be US\$327.11.

May 21, 1991, Landon By: Cilibanik, N.A. (CSSI Dept.), Agent Bank

Westpac Banking Corporation GROUP PERFORMANCE

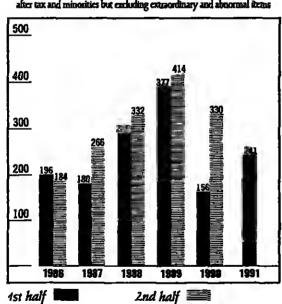
(Half year ended 31 March 1991)

Operating Profit before Tax and Abnormal Item	A\$313 million	(£139 million)
Operating Profit after Tax and Minorities (excluding abnormal item of $-A$22$ million [$-£10$ million])	A\$241 million	(£ 107 million)
Interim Dividend per Ordinary Share (fully franked)	A\$0.15 cents	(7 pence)
Proprietors' (shareholders') Equity	A\$7.1 billion	(£3.2 billion)
Total Capital Resources	A\$9.7 billion	(£4.3 billion)
Risk Asset Capital Ratio (Reserve Bank of Australia guideline of 8%)	10.1%	
Total Assets	A\$108.3 billion	(£48.2 billion)
Net Tangible Assets per Ordinary Share	A\$5.74	(£2.55)
Earnings per Ordinary Share (excluding abnormal item)	A\$0.204	(9.1 pence)

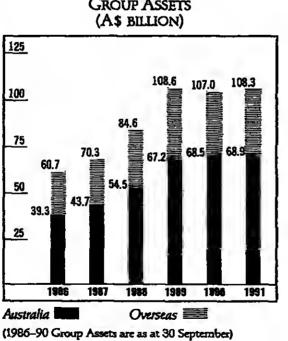
Westpac is owned by over 131 500 Proprietors (shareholders) and provides financial services to over four million customers world-wide.

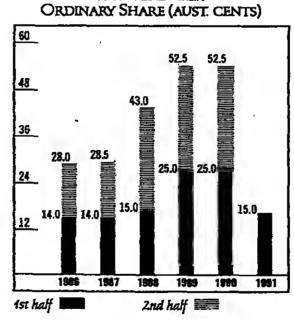
The figures above have been converted into GBP at the rate of AUD1 = GBP 0.44500.

NET PROFIT (A\$ MILLION) after tax and minorities but excluding extraordinary and abnormal items



GROUP ASSETS (A\$ BILLION) 107.0 108.3 68.5 70.3 67.2 25





DIVIDEND PER

OPERATING HIGHLIGHTS

(compared with half year ended 31 March 1990)

Operating profit before income tax and abnormal items increased 26% to A\$313 million (£139 million).

• Profit on operations after tax and before abnormal items increased 55% to A\$241 million (£107 million).

Charge against profits for bad debts and provisions for doubtful debts decreased by 6%.

• Growth in non interest expenses* at 1.7% was the lowest since 1982.

*Excluding depreciation and amordisation



Westpac Banking Corporation

ends CAN

MES TELESTIAN MAY TO

Hanwa falls
by 1.8% to
Y37.6bn

By Emiko Terazono
in Tokyo

HANWA, the Japanese tra
company led by Mr Shi
company led by Mr Shi
company led by Mr Shi
company led by Mr Shi HANWA, the Japanese trading company led by Mr Shigeru Kita, reported a 1.8 per cent drop in its unconsolidated pretax profits to Y37.6bn (\$270.50m) for the year to March 1991.

The company, known within the Japanese financial community for its aggressive speculation in the currency markets, said that despite the strong performances in its steel-reliated operations, appraisal losses on its cross-shareholdings and securities investment

bosses on its cross-maintained ings and securities investment had hart profits. Overall sales increased 0.2 per cent to Y773bm.

Onerating profit rose 46.2 ATTENDED TO A STATE OF THE per cent dne to lawer fixed costs and selective orders. After-tax profit fell 7 per cent to Y20.4bn. Hanwa said it will

reduce its annual dividend to Y13 per share from the previous year's Y15.25. expects pre-tax profits to rise
6.2 per cent to Y40bn. the control of the Carting thought their freeze a - () 2 3221 ು ...ಗಲ ಯಾತ್ರಾ

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INTERNATIONAL COMPANIES AND FINANCE

Japanese property income Rothmans Holdings lags expansion in sales

THREE leading Japanese real estate companies, Mitsui Real Estate, Mitsubish Estate and Sumitomo Realty enjoyed strong sales growth in the year to end-March 1991, but pre-tax profits did not keep pace under tighter financial conditions.

Mitsui Real Estate's sales rose 22.2 per cent to Y738.28bn. (\$5.31bn) although pre-tax profits were up only 8.7 per cent to Y57-31bn as the company's intarest burden climbed Y19.5bn to Y60.3bn.
Mitsui expects sales for the

climbed 7.5 per cent to Y338.41bn as land and office leasing income rose 8.7 per cent, while pre-tax profits were up 5.3 per cent to Y89.93bn. Sales in the current fiscal year are forecast to increase to Y350bn while profits will rise slightly to Y90bn. Sumitomo Realty's sales gained 15.6 per cent to

Y187.17bn, and pre-tax profits 6
Y950bn, although pre-tax profits will remain virtually flat at
Y56bn.
Mitsnbishi Estate's sales
Climbed 7.5 per cent to
Y187.17bn, and pre-tax profits 6
per cent to Y36.36bn, failing to
reach double-digit growth for
the first time in 11 years.
The strong sales performance was supported by least

ing activities, which grew 25.1 per cent as 19 new office buildings came into operation.

Sales for the current year are projected to rise 12.2 per cent by 2210th to 12.2 per cent by cent to Y210bn.

However, pre-tax profits are expected to be only marginally higher at Y37bn, due to tha increased debt burden.

Hanwa falls Koor back to profits at operating level

By Hugh Carnegy in Jerusalem

KOOR Industries, the trade union-owned Israeli group that has waged a four-year battle against liquidation, yesterday reported a big reduction in losses in 1990 and a return to initial to the control of the control o significant profits at the operating level for the first time

since the mid-1980s. Inflation-adjusted losses at the country's biggest industrial group. - whose interests include construction, chemicals, food and high-technology - were down to Shk99m (\$48.34m) from 1989's record

Shk700m as a restructuring began to show results. Koor said "irrefutable evi-dence" of the turnround lay in the operating profit of Shk150m, against a profit of Shk3m in 1969 and an operat-ing loss of Shk500m in 1987 at the height of Koor's troubles. Sales totalled Shk5.1bn, down more than 5 per cent from Shk5.4bn in 1989.

Howavar, Mr Benjamin Gaon, Koor's chief executive, said the group's survival still rested on a rescheduling and

write-off arrangement covering its debts, which total more than \$1bn. Koor has not paid any principal or interest on its debts since the end of 1989. Under the latest plan, which

would reduce outstanding dehts to \$700m, the government has agreed to provide some \$50m in guarantees, and Hevrat Ha'ovdim, the industrial arm of the Histodrut trade union federation which owns Koor, has agreed to inject \$25m in new equity capital and accept a rundown in its share-holding to 26 per cent. Israeli and US bondholders

have agreed a write-down and debt-equity swap arrangement. But the higgest creditors, the Israeli and foreign bank creditors, have yet to finalise terms. Mr Gaon said he was optimis-tic this would would happen by eptember 30. Most of the 1990 losses were

counted for by Koor's perennial problem units, Tadiran and Soltam, which respectively showed losses of Shk54m and Shk49m.

turns in A\$107m in competitive market

By Kevin Brown in Sydney

ROTHMANS Holdings, a subsidiary of Rothmans inter-national, yesterday announced net profit of A\$107m (US\$83.5m), after extraordinary items, for the year to March 31 on sales of A\$1.62bn.

Rothmans said the result was "pleasing" in the light of strong competition in the Australian tobacco market, nota-bly from Philip Morris of the US and W.D. & H.O. Wills of the UK.

The group said profit had increased by less than the rate of inflation, but the result was not comparable with earnings of A\$85.7m for the previous period, which was shortened to

after an extraordinary charge of A\$10.9m, reflecting the cost of withdrawal from the wholesale distribution and ware-

housing of confectionery.

Tha directors said the final dividend would be 37 cents, making a total of 68 cents a share, fully franked. Rothmans paid a total dividend of 47 cents a share in the previous

The share price rose 15 cents to a record A\$12.90 on the Australian Stock Exchange following the result.

Mr John Utz, chairman, said: The intense competitive activity in the industry throughout the region is unlikely to abate, nina months hecause of a change in accounting policy.

The net profit was struck positive," he said.

Adsteam shares fall after exchange lifts suspension

By Kevin Brown

SHARES in two of the main companies in the loosely-knit Adelaide Steamship group ware marked down heavily yesterday when a three-week suspension was lifted by the Australian Stock Exchange. Adelaide Steamship, the flag-

company, closed 25 per cent lower at 9 cents, and David Jones, the retailing group, closed down 13 cents at 30 cents. However, shares in Tooth, an investment company, rose by 4 cents to 38 cents.

Trading in the three was suspended after the collapse of a reconstruction plan which would have led to a merger with Industrial Equity, a jointly-owned subsidiary which owns the successful Wool-

worths sppermarket chain and other assets. The stock exchange is believed to have dropped plans to reinstate the shares last week after the leaking of a prospectus for National Foods, a new com-pany being floated to acquire some of the leading brands owned by Industrial Equity.

The exchange agreed to lift the suspension after the pro-

spectus was registered with the Australian Securities Commission, the corporate watchdog. The Adelaide Steamship group, formerly controlled by Mr John Spalvins, has until the end of the year to negotiate

a reconstruction with its bank

ers, following a moratorium on the group's A\$6bn (US\$4.60bn) dehts.

This announcement appears as a matter of record only.

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is pleased to announce the establishment of a

SPONSORED 144A AMERICAN DEPOSITARY RECEIPT (ADR) FACILITY

The Privatization Of



National Power



For further information regarding The Bank of New York's ADR Services, please contact Kenneth A. Lopian in New York (212) 815-2084, or Michael C. McAuliffe in London (071) 322-6336.

Printer's sales **Control component maker** pass **Y1,000bn** advances 2% to Y27.78bn By Neil Weinberg

DAI Nippon Printing, Japan's largest printing company, lifted pre-tax profits by 4.6 percent to Y74.37bn (\$534.96m) on a 7.8 percent increase in sales to Y4.031bn in the year to end March 1991.

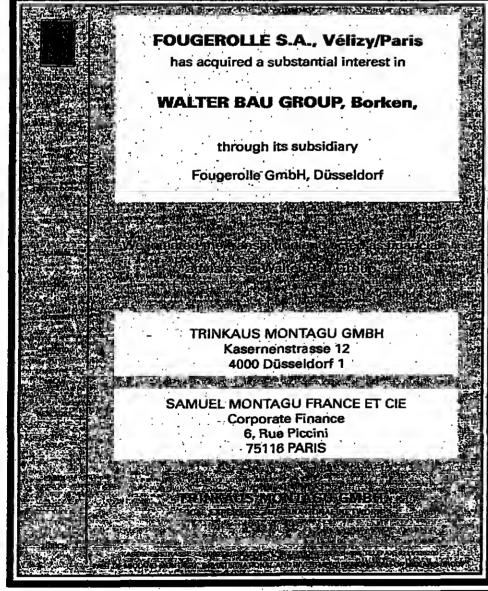
Operating profit rose 46.2

reduce its annual dividend to

- March 1991. It plans a memorial dividend It plans a memorial dividend of Y2.5 per share to celebrate sales above Y1,000bn for the bring total dividends for the year to Y7.5 per share.

OMRON, Japan's top maker of the current year to increase control components, reported a

about 12 per cent to Y420bn on control components, reported a
2.3 per cent rise in pre-tax
profit to Y27.78bn (\$199.78m)
for the year to the end of
March, writes Neil Weinberg
in Tokyo,
Total sales for the period
were Y376.58bn, up 7.4 per cent
from a year earlier, reflecting
the continued growth in the strong sales of its mainline control components, health care and office automation products. However, pre-tax profits are forecast to decline slightly to Y26bn due to increased investments in plant and equipment apanese economy. Omron expects salas for 90s Plan, man said.





Date November 21, 1991 against Coupon No. 13 in respect of US\$10,000 nominal of the Notes will be US\$536.67 and in respect of US\$250,000 nominal Notes will be US\$13,416.67.

May 21, 1991, London

By: Citibank, N.A. (CSSI Dept.), Agent Bank

Floating Rate Notes due 1996 The rate of interest per annun First Union Corporation's U.S. \$150,000,000 Floating Rate Notes due 1996 for the interest period beginning 20th May, 1991, and ending 20th August, 1991, the next nterest payment date, will be 6%%. The amount of interest payable for such interest period on each \$10,000 pri mount of the Notes will be

First Union Corporation

U.S. \$150,000,000

Our 1990 balance:

22,000,000 phone units

Close, worldwide communication with our customers is a hallmark of our individual counseling and personal service. The success of our diversified activities was made particularly evident in 1990 by lending business performance.

The high growth rate in the German economy generated strong demand from our customers for investment credits, as well as for operating capital and trade financing. **Partial Oparating**

Loans to corporate clients alone rose by approximately one-third. Internationally, too, we succeeded in expanding our lending business to a disproportionately high extent; Group credit volume rose to DM 31,4 billion.

Additionally, our corporate finance activities were further intensified. In 1990 we introduced the shares of three

companies on the stock exchange, and in M&A counseling we achieved a transaction volume in excess of DM 1 billion through our subsidiary "Frankfurt Consult".

With in-depth counseling and customized problem solutions, we shall continue to cultivate the style of a merchant bank - a BHF-BANK tradition for more than 100 years.



BHF-BANK Group

BHF-BANK

1989

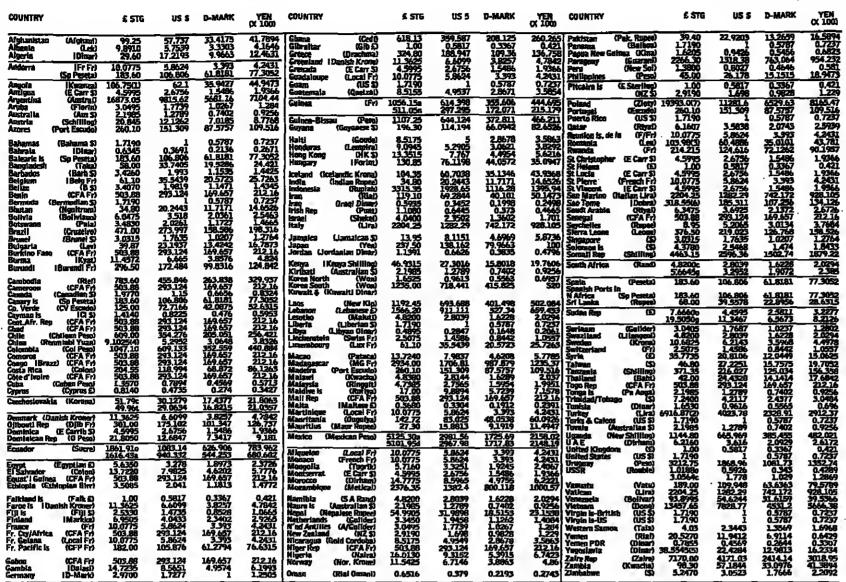
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Head office: Bockenheimer Landstrasse 10, D-6000 Frsnklurt sm Main 1, Tel. (069) 718-0, Fax (069) 718-22 96, Telex 4 II 026 (general) Branches and subsidiaries in Amsterdam, St. Helier / Jersey, London, Luxembourg, New York, Singapore, Tokyo and Zurich.

FT GUIDE TO WORLD CURRENCIES

te table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, May 20, 1991. (In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign carrencies to which they are tied.



Special Drawing Rights May 17, 1991 United Kingdom £0.774433 United States \$1.34883 Germany 0 Mark 2.29706 Japan Yea185.801 Opens Corrency Unit Rates May 20, 1991 United Kingdom £1.694351 United States \$1.20796 Germany 0 Mark 2.05776 Japan Yea166.396

Only one airline flies daily non-stop from London, Paris and Frankfurt to Tokyo.



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THE CHUGOKU **ELECTRIC POWER** COMPANY, INCORPORATED

Yen 20,000,000,000 Floating rate notes

Notice is hereby given that the rate of interest for the six month period 21 May, 1991 to 21 November, 1991 has been fixed at 711/12%. The amount payable on 21 November, 1991 will be Yen 399,306 per Yen 10,000,000

Agent: Morgan Guaranty Trust Company **JPMorgan**

Fiduciery issue by Kredietbank S.A. Luxembourgeoise to fund a loan to be made by it to

Istituto per lo Sviluppo Economico dell'Italia Meridionale ECU 100,000,000

Floating Flate Notes Due 1995 9,71255

21st November ther 1991 ECU 4,984,17

U.S. \$10,000,000 The Chase Manhattan Corporation

Floating Rate Oll-Linked Notes due 1994

For the six months interest period from May 21, 1991 to November 21, 1991 the interest rate has been determined at 71% per arruum. The amount payable on the relevant interest payment date, November 21, 1991, will be U.S. \$370.56 per U.S. \$10,000 principal amount.

May 21, 1991

9

U.S. \$150,000,000

Chemical New York Corporation

Floating Rate Subordinated Notes Due 1996

Interest Accrual Period

24th February 1991 26th May 1991 (inclusive)

Interest Amount per U.S. \$10,000 Note due

6th June 1991

U.S. \$161,23

Credit Suisse First Boston Limited

U.S. \$150,000,000

First Bank System, Inc.

Floating Rate Subordinated Capital Notes Due 1996

Interest Rate Interest Period 6%% per annum

20th May 1991 20th August 1991

Interest Amount per U.S. \$50,000 Note due

U.S. \$790.63

20th August 1991 **Credit Suisse First Boston Limited**

U.S. \$250,000,000



BANK OF BOSTON CORPORATION

Subordinated Floating Rate Notes Due 2001

Interest Rate

6%% per annum

Interest Period Interest Amount per 20th May 1991 20th August 1991

U.S. \$50,000 Note due 20th August 1991 U.S. \$790.63

Credit Suisse First Boston Limited

INTERNATIONAL CAPITAL MARKETS

Treasury prices firm on hopes of interest rate cut

By Patrick Harverson in New York and Sara Webb in London

BELGIUM

SUGGESTIONS that Mr Alan Greenspan, chairman of the Federal Reserve, might be considering further interest rate cuts, helped US bond prices firm in early trading yesterday. However, the market fell back later as dealers prepared for this week's large Treasury

By midday, the benchmark 30-year government bond was down & at 964, to yield 8.287

The two-year note held on to The two-year note held on to its morning gains, standing up if at 100 in to carry a yield of 6.805 per cent. The early gains in prices followed reports that Mr Greenspan had said the Fed saw a risk that more action would have to be taken to engure the economy recovered. ensure the economy recovered from the present rece comments, in a letter to a member of the Senste banking committee, immediately raises hopes that a further interes

GOVERNMENT BONDS

However, the burden of this week's Treasury auctions -\$16bn of cash management bills today; \$12.25bn of twoyear notes tomorrow; and \$9.25bn of five-year notes on Thursday - took the edge off the market's opening opti-mism, leaving prices in negative territory by the halfway

SWEDISH government bonds jumped in reaction to the linkage of the Swedish Krona to the Ecu. Traders see the link as an indication that Swedish interest rates will fall in the next few months.

Although yields at first fell most on shorter-dated bonds, by the end of trading they had fallen 50 to 60 basis points across the range of maturitie Some traders think they could see a further half percentage

BENCHMARK GOVERNMENT BONDS 10.42 10.18 9.96 103-20 92-21 91-10 +02/32 10.48 09/92 13,500 +08/32 +12/32 10.28 10.08 8.06 +02/32 8.09 : +02/32 8.28 5.07 8.30 7.750 7.875 02/01 02/21 88.5679 +0.025 7.01 96.7733 - 6.62 No 119 4.800 No 129 6.400 8/98 03/06 9.000 01/01 103,7800 +0.100 8.40 8.42 GERMANY 100.2000 + 0.001 8.92 8.92 104.0700 - 8.64 8.51 9.57 9.63 9.62 9.750 06/01 100.7500 -CANADA 8.500 03/01 69,1300 +0,100 8.63 8.63 8.60 NETHERLANDS 13.000 07/00 114.4427 +0.379 10.50 10.95 10.99 AUSTRALIA

London closing, "denotes New York morning session Yields: Local martest standard Prices: US, UK in 32nds, others in deci

10,000 08/00 104,9000 +0.050 9.17 8.93 8.97

point fall in yields today as Swedish investors return from their Pentecost holiday. Others, however, predict that domestic investors may sell out of shorter-dated bonds.

The yield on the 10-year bond fell from Friday's close of 10.95 per cent to 10.44 per cent.
Among the shorter-dated
bonds, the yield on the government bond due 1993 fell from 11.53 per cent on Friday to
10.97 per cent.

Though most of Europe was
closed for the holiday yesterday, some Swedish traders did

work. London-based traders said the dealing was mostly over-the-counter, rather than via the primary dealing sys-tem. Volumes were reported to be reasonable.

The National Debt Office is selling SKr5bn of the Series 1028 bond due 1999 - carrying an 11 per cent coupon — at auction today. Some dealers say the rally in the bond mar-ket yesterday could make it difficult to know how to place bids in the auction, leading to speculation that the "tail" (the range of bids submitted) could be quite long.

THE UK government bond market rallied following the US

Tressury bond market's rise on Friday. The market held out hopes of a cut in the base rate after the release of weakerthan-expected retail sales fig-

Traders said the 10 per cent gilt due 1996 rose by & to 98%. By late afternoon, it was yielding 10.31 per cent. The benchmark 11% per cent gilt due 2003/07 traded up & to 108 if to yield 10.42 per cent.

I JAPANESE government bonds also followed the US Treasuries strong lead on Friday, with prices traded up yes-

terday.

The yield on the No 129 benchmark JGB moved from 6.61 per cent to 6.595 per cent, prompting unite heavy selling and a fall in prices. The yield on the No 128 closed in Tokyo

at 5.63 per cent.

The volume in the cash market was low at Y748bn, as many European investors were on holiday, and traders are apprehensive about investor demand for this week's June auction of ten-year JGBs. They expect some Y900bn to be issued with a coupon of 6.5 per cent, slightly lower than in last pon was 6.6 per cent.

Amex Bank sells LDC long-term debt

AMERICAN Express Bank is selling its remaining portfolio of long-term Less Developed Country debt to a leading, but unnamed, European bank, This

The portfolio of Latin American debt is valued by the bank at \$351m. At the height of its third world debt exposure, in 1987, the bank carried \$2.2bn of

Mr Steven Goldstein, the bank's president, said the sale would allow the bank to concentrate more closely on its core business of financial services to wealthy individuals, trade finance to businesses and correspondent banking services to financial Institutions.

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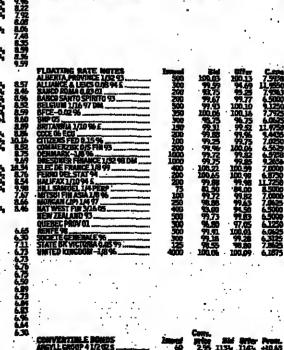
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completes a four-year plan to get out of the LDC term lending business, writes Martin Dixon in New York.

LDC borrowings on its balance sheet. This has been gradually whittled down through sales and debt/equity swaps.

FT/AIBD INTERNATIONAL BOND SERVICE DIRDFINA 9 1/496 EXPORT DEV CORP 9 1/2 98 .-FINAMO 7 7/8 97 FIROMSH EXPORT 9 3/8 95 FIROMSH EXPORT 9 3/8 95 FIROMSH ELEC CAPITAL 9 3/8 96



WANTED BENEFIT OF STREET

FINANCIAL TIMES TUESDAY MAY 21 1991

rate () Japan Highway expected to launch \$300m issue MOVERNMENT BOTH BY SIMON London

JAPAN HIGHWAY, the and underwriting fees of 10 Japanese government backed agency, is expected to launch a \$300m 10-year bond issue today in the international bond mar-

The issue is expected to be lead-managed by IBJ and priced to yield around 45 basis points more than US Treasury securities.

Other borrowers may look to the dollar sector of the market this week. However, although

INTERNATIONAL BONDS

ties is buck, swaps opportumand currency swaps opportumties are few and this is deterring potential borrowers.
Elsewhere, the European
Investment Bank is preparing
to launch a L500bn to L600bn
10-year issue, possibly tomor-10-year issue, possibly tomor-row, lead managed by Banca 1 Commerciale Italiana. Italian investors do not pay withhold-ing tax on bonds issued by the EIB and eyndicate officials anticipate that most of the issue will be sold to Italian

investors.
Yesterday the market was Yesterday the many European subdued, with many European markets shut for public holidaye. Bradford & Bingley became the lates UK mutual institution to issue sterling floating-rate notes, raising 2 £100m over four years with a deal lead-managed by UBS

Philips & Drew.

The notes pay a margin of % per cent over the London interbank offered rates and were respectively offered to investors to a fixed price of 99.54 At this price, the discounted margin is 26.62 basis points. The deal traded at 99.50 bid, against en issue price

The pricing was regarded as safe by participants in the deal,

STERLING
Bradford & Bingley Bid.Soc.(c)#1 100

NO SERVICE

- 434 7-40 - 52 3-40 - 52

basis points were seen as fair. Several established firms have declined to participate in many of the sterling floating-rate deals this year, including last week's £100m five-year deal by the Woolwich Building Society,

because fees were seen to be an inadequate reflection of underviting risk.
Yesterday's deal was priced to reflect the fact that the borrower, currently rated AA-3 by Moody's Investors Service, has been placed on credit watch and may soon be downgraded to single-A following the acqui-sition of the Learnington Spa

sition of the Learnington Spa Building Society.
The credit quality of many banks and building societies, at least as measured by credit rating agencies, has continued to decline this year. While the agencies sometimes disagree about the rating of each institution, the trend is still down

Last week, Standard & Poor's downgraded the senior debt ratings of Banque Nationale de Paris and Societé Générale from AA+ to AA. Also last week, Moody's cut the senior debt rating of Bank of Scotland from Aa3 to A1. Other big banks to have suffered downgradings this year include Barclays, which lost its covered triple A credit rating from S&P. It now stands at

Downgradings have come against a background of improving economic conditions in many of the big economies. Moreover, bond market inves-tors have shown an increased willingness to buy securities issued by banks and yield spreads have narrowed signifi-

cantily since early spring.
For example, National
Westminster Bank's \$750m
subordinated debt issue was
launched in the US market in late April at a spread of 140 basis points over US Treasuries. By the end of last week the spread had narrowed to 120

basis points. The Eurobond market is behind the US in the rehabilitation of financial institutions as broadly acceptable issuers. If the current trend continues, however, some variable rate note (VRN) issues may soon successfully complete their

remarketing process. The interest margin on VRNs is determined at a three-monthly ramarketing or auction process, subject to an upper limit or "fall back" margin. If the fall-back margin is reached, the remarketing process is suspended, making instruments very hard to

So far this year, no VRN issue has completed a successful remarketing. All are illiquid in the hands of investors and are paying the fall-back interest rate.

Based on pure yield calcula-tions, this could soon change. On a swapped basis, NatWest's anbordinated Yankee bond issue now pays around 65 basis points over the London inter-bank offered rate. The bank's \$200m VRN issue maturing August 2008 has a fall-back argin of 70 basis points over

tors which bought VRNs to manage short-term liquidity may not be willing to risk being locked in at the fall-back margin again. These investors may now switch to other less complex forms of short-term investment, such as commercial paper, despite the rewards of VRNs in terms of absolute

 BOC Group, the UK industrial gases group, has doubled the size of its sterling commercial paper programme to £100m. NatWest Capital Mar-kets and Barclays de Zoete Wedd are dealers to the pro-

tisation has been worked out by Sankt Annf Bank. It expects the "bundle" system to be used again in subsequent **NEW INTERNATIONAL BOND ISSUES** privatisations in Poland if It proves successful for the brew-

> Mr Zorde said Polish breweries needed enormous investment because of a lack of basic manufacturing processes.

Danish bank Keeping a tight timetable on debt

Tracy Corrigan finds MTR confident of holding down interest costs

ONG KONG'S largest borrower, Mass Transit Railway (MTR), has set itself some ambitious targets The company plans to repay its HK\$17bn (US\$2.2bn) debt by the end of the decade and to refinance substantial borrow-Danish bank, will handle an ambitious privatisation plan covering the entire Polisb ings ahead of and beyond the colony's return to Chinese rule in 1997

INTERNATIONAL CAPITAL MARKETS

to handle

big Polish

By Xueling Lin

in Copenhagen

brewery sale

SANKT Annf Bank, a small

brewery sector.

The privatisation will cover 24 breweries valued at about

\$250m. It will involve the sale

of shares in the state-owned breweries as well as a new

mr Kristof Zorde, director of Sankt Annf Bank, told a Dan-ish newspaper the privatisa-tion agreement with the Polish

tion agreement with the Polish government represented a significant step for the bank. Sankt Anni was active in the privatisation of the Silesian Cable Factory, part of the first round of privatisations by the Polish government last year.

The latest agreement was signed with the Polish minister of privatisation, Mr Janusz Lewandowski.

The privatisation is the

first to cover not just a single factory but an entire indus-trial sector," said Mr Zorde.

The re-structuring of the

brewery sector is a package deal which will cover every-thing from financing, manage-ment to social and health con-

The Polish breweries collec-tively produce about 12m hek-tolitres of beer and spirits a year, quantities which rival

hose produced by some of the

The bank does not expect difficulties in the sale of the brewery shares, which are 100 per cent state-owned at present. The privatisation is expected to the brewery shares at the present.

ted to take place via "bundles"

made up of existing shares in the breweries, which will be given a symbolic price, com-bined with a new rights issue at market value. Sale of the

bundles will take place in Poland as well as overseas.

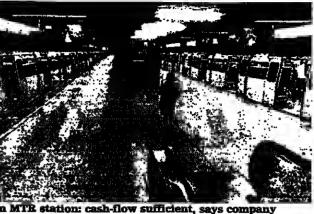
The structure for the priva

At the same time, the com-pany is trying to minimise its high interest costs against the high interest costs against the negative impact of Hong Kong's political position and a worldwide squeeze on credit.

MTR, which carries 2m passengers a day, boasts a strong cash-flow, but expensive project financing has laden the company with its outstanding debt. Its interest costs last year came to HK\$1 7hm. came to HK\$1.7bn.

Mr Roger Moss, MTR's finance director, is confident the company's cash-flow is "sufficient to cover the heavy burden of interest, given our projected operating profits". The need to counteract external uncertainties has fostered advance planning. The MTR finance team has projected cash-flows and borrowing ected cash-hows and borrowing plans years in advance, con-structing a "preferred financ-ing model" which is split into different types of debt accord-ing to business projections. For example, the company aims to hold 80 per cent of its borrow-ings in Hong Kong dollars. "We look at our future finan-cing requirements against the

cing requirements against the model, and against the reality of the markets," said Mr Roger Moss, MTR's finance director. The practical considerations of



fund raising can then be matched to theoretical require-ments through the use of the US\$100m five-year issue of swap market. (MTR's sbility to floating-rate notes with Hong Kong dollsr debt warrants attached. use the swap market was written into its ordinances that this year, after a ruling that

uK local authorities were not legally empowered to enter swap agreements prompted concern about MTR's status.) Despite the political uncertainty facing Hong Kong, MTR's credit rating has held up relatively well. Its foreign currency debt is rated A3 by Moody's and A by Standard & Poor's, having dropped a notch after the Tiananmen Square

massacre in 1989. MTR has so far been able to press ahead with its financing plans. Next week, s Y5bn (\$35.97m) shibosai – a private placement in the Japanese domestic market - will be signed. The seven-year deal is the first debt which matures after Hong Kong's return to China in 1997. This week, MTR signed a

These deals, added to a HK\$750m loan facility arranged by Wardley, have allowed MTR to complete half its HK\$4-5bn borrowing programme so far this year (MTR's financial year ends in December).

However, MTR bas seen its borrowing costs rise as a result of Hong Kong's precarious position. In the last two years, MTR has been forced to raise its funding target by about 20 basis points, to around 45 basis points above the London interbank offered rate. However,

concern about Hong Kong's

political situation broadly coin-

cided with a worldwide tight-

were squeezed by recession.

to meet new guidelines for cap-ltal. Consequently, Mr Moss says, it is difficult to apportion blame for the rise in funding

But with many European and US borrowers having experienced similar increases in costs of funds - while China has had a bundred basis points added to its financing costs -MTR appears to have escaped relatively lightly.

Despite its recent schieve-ment in funding a little beyond the date for Chinese rule, MTR is still struggling to extend its maturity profile, since nearly all its debt matures before 1997 and some will have to be refin

"We like to have our financing pre-arranged 18 to 24 months ahead," said Mr Moss. There is provision for pre-funding of up to HK\$2bn, which is then invested in the financial markets.

Later this year, MTR will again look to Japan for financing, probably with a public issue in the domestic market. MTR is also considering setting up a US medium-term note programme, to complement its Enro-MTN programme (to which it also plans to add some dealers).

The company will consider carefully whether to use deriv-stive products other than swaps to reduce costs. On two previous deals, MTR has sold floor options on the US dollar, to reduce overall funding costs. Those positions were not bedged, as the company was taking s view on the market.

Apasco places \$50m in debentures

APASCO, the Mexican cement producer, has raised \$50m of equity-linked capital from a placing of convertible subordi-nated debentures with international investors.

The placing was arranged by the International Finance Corporation, the arm of the World Bank devoted to the privats sector in developing countries, and Bear Stearns.

The transaction is the first in which a Mexican company has issued convertible subordinated debentures in the inter-national capital markets. It is also the first international issne of this kind to be arranged by the IFC.
The IFC is buying \$20m of per for its own account. Of the remaining \$30m, about half was placed in the US and half

with European investors, centred on London. The six-year bonds were issued at par and carry a coupon of 9% per cent, payable

twice a year. Conversion into Apasco common stock is based on a formula which takes into account the current market price of the shares and the company'e book value

per share, expressed in US dollars, Apasco has been a client of

the IFC since the mid-1980s. In 1988, the company set up a \$46m Eurocommercial paper programme backed by the The IFC said it expected Its

newly-merged securities and syndications unit to arrange more equity-linked transac-tions of this kind. Among the potential issuers are many of 136 Mexican companies privatised since President Carlos Salinas came to power

Heyman elected SEC's market watchdog

MR WILLIAM H. Heyman, a former top Wall Street execu-tive, has been appointed head of the Securities and Exchange Commission's Market Regulation Division, officials said, AP-DJ reports from New

Mr Heyman replaces Mr Richard Ketchum as top stock market watchdog for the SEC. He had joined the agency as Mr Ketchum's deputy in Febru-ary. Before that, he was a man-aging director and head of arbitrage at Smith Barney, Harris Upham.

LONDON MARKET STATISTICS

• The Financial Times Ltd 1991. Compiled by the Financial Times Ltd In conjunction with the institute of Actuaries and the Faculty of Actuaries **EQUITY GROUPS** Monday May 20 1991 & SUB-SECTIONS Est. P/E Ratio xd adj. 1991 to date Figures In parentheses show number of stocks per section Day's Change | Rec. | Change | Main | Cact at | C 5 Electropics (C3) 6 Engineering-Aerospace (8)...... 7 Engineering-General-(47)..... 8 Metals and Metal Forming (8) 9 Motors (L3).... 10 Other Industrial Marterials (20).... 21 CONSUMER GROUP (187).... 49 INDUSTRIAL GROUP (481) 59; 500 SHARE INDEX (500). 61; FINANCIAL GROUP (97). 62; Banis (9). 65; Insurance (Life) (7). 66; Insurance (Composite) (6). 67; Insurance (8 rokers) (8). 68; Merchant Banis (7). 70; Other Financial (20). 71 Investment Trusts (70) | Index | Day's | Day's | Day's | May | May | May | May | May | May | Year | May | Change | High (a) | Low (b) | 17 | 16 | 15 | 14 | 13 | 290 | 2453.9 | 2471.9 | 2459.4 | 2463.7 | 2466.6 | 2282.1 | FT-SE 100 SHARE INDEXA

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6 7	All stocks (70) Index-Linked Up to 5 years (10) Over 5 years (10) All stocks (11)	158.83 146.85	+0.04	158.82 146.79	0.05	2.72 1.52 1.56	11 12 13 14	Indica-Linked Indication rate 5% Up to Syrs, Indication rate 5% Over 5 yrs, Indication rate 10% Up to 5 yrs, Indication rate 10% Over 5 yrs.	4.12 4.23 3.19 4.03	4.21 4.23 3.18 - 4.03	5.15 4.12 4.06 3.94
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SWITZERLAND The FT proposes to publish this survey to celebrate Switzerland's 700th assurversary on 10th Jene 1991.

54% Of Chief Executives of Europe's largest companies read the FT. If you want to reach this important authence, by advertising in this survey call Patricia Surridge on 07) S73 1426 or fax 071 273 3079 or Nigel Bicknett in Geneva Yel 022 7311604, Fax 022 7319401 **FT SURVEYS**

to sell its

By David Churchill.

Leisure Industries

Correspondent

travel chain.

Thos Cook

travel chain

THOMAS COOK, the travel agency owned by Midland Bank has told its 1,200 staff

that it is no longer up for sale. Mr John Donaldson, Cook's chief executive, has written to

the 1,200 staff saying that Mid-

land has decided not to sell the

The move follows months of

speculation that Cook it would

be sold to ease Midland's

financial problems. The bank cut its dividend in February after announcing pre-tax profits of only film for 1990 and has attempted disposals of several subsidiaries, including Forward Trust, its finance

house. Thomas Cook, one of the

group's strongest performers, was not formally placed on the market but Midland is under-

stood to have received several firm offers but none that met

its asking price.

The decision appears to have been taken by Mr Brian Pearse, the new chief executive who arrived from Barclays in the wake of the announcement of Midland's

1980 results. In 1990 Cook's pre-tax prof-

its were 128m on turnover of 1370m. It has 334 shops in the UK and 1,500 in Europe.

Disposal to cut

debt at Systems

Reliability

Survival depends upon successful outcome to refinancing talks

Brent Walker to put plan to banks

By Maggle Urry

THE ENORMITY of the task facing Brent Walker and its hankers became clearer yesterday with the publication of results for 1990 and a year-end

Net assets had dwindled to £139m, and the notes to the accounts suggest that even this would disappear if the group's properties were sold in a disor-derly fashion.

The company said that its ability to operate as a going concern was dependent upon successful talks with its banks and "the continued provision of adequate short-term finance by the group's bankers until the financial restructuring has

been agreed".

Brent Walker is putting its business plan to the steering committee of its 60 or so banks today. The committee, headed by Standard Chartered Bank, will consider the plan and if it decides to accept it will put it to the other lenders.

By Andrew Bolger

PROWTING, the Middlesex-based housebuilder which concentrates on the south-east of England, blamed

the industry's unprecedented recession for a "disappointing" drop in pre-tax profits from £16.1m to £7.5m in the year to

February 28.

The number of houses sold fell only slightly from 307 to

296, with the average selling price down from £141,000 to £120,000. This reduction

resulted from lower prices and a change in the group's mix towards smaller, higher-den-

Prowting said: "We have a

continuing policy of trying to maximise margins rather than

the best advantage from our valuable land bank."

Turnover fell 35 per cent to £40.8m (£62.9m), reflecting not

only the lower prices, but also

les volumes in order to reap

Recession-hit Prowting

more than halved at £7.5m

Brent Walker owed its banks a net £1.2bn at the end of December. However, this has risen since as the group's trading profits have not covered interest charges. The banks must decide whether to let Brent Walker make a 26.6m interest payment on Thursday due on its £101.9m of convertible bonds. The bondholders rank below the banks in the hierar-chy of creditors.

The leisure group, of which Mr George Walker is chief executive and largest share-holder, turned in a rise in operating profits for 1990, to £122.2m (£112.9m). However. the gain was greater at the interim stage when operating profits were reported at £93.1m against £48.1m.

A large part of the increase came from the purchase of the William Hill betting shop chain in December 1988. This contrib-uted for only a couple of weeks

The balance sheet showed in the 1989 figures. Operating profits from betting in 1990 were £57.1m (£5.8m).

All the divisions increased operating profits. Hotels, leisure and related activities made £15.1m (£12.6m); brewing, wines and spirits contributed £20m (£18.4m) and leisure developments mada £34.8m (£22.9m). There were no property profits compared to a 230.3m gain in 1989. Profits from businesses sold were £3.4m (£27m).

The group's problems stem from its high level of debt and the fall in the property market. Its gross interest charge was £195m (£82.2m) but was cut to a net figure of £116.2m (£44.1m) by capitalising some interest and including other amounts under exceptional and extraordinary items.

Exceptional items included

slam of costs relating to the group's refinancing last November, with another

£24.1m written off against investment and development properties. The company has also written off £15.9m of advance corporation tax.

Below the line, extraordinary debits of \$201.7m (credits of \$52.5m) related to the write down of properties which are due to be sold and losses taken on sales completed. These included a £115.1m loss against the group's media interests and £73.5m against hotels, lei-sure and related activities. The extraordinary costs included £3.7m related to the £101.9m convertible bond issue last

November. The balance sheet includes as debt the £50m owed to Grand Metropolitan as the final instalment of the £885m purchase of the William Hill chain. Brent Walker is still dispnting the purchase price, which it thinks should have

Ferromet joins dividend list despite 55% decline

land bank, on which the com-pany hopes to obtain permis-sion, stood at 3,500 potential Mr Terry Rowdon, chief executive, said: "There is light at the end of the tunnel, although much will depend on

the timing and the pace of recovery in the UK housing market." • COMMENT

Prowting's focus on the south-east means it felt the full force of the recession, but the fami-ly-controlled company has also benefited from hopes that lower interest rates will enable housebuilding to bounce back.
Volumes will no donbt
improve, but results will be
restrained in the short term by continuing pressure on mar-gins and the group's move towards cheaper houses. The company is favoured by insti-tutions because of its land

a reduction in the amount of surplus, undeveloped land bank, probably the best in the business. The catch is that this quality and the group's strong Earnings per share fell from 16.9p to to 6.9p. A final divi-dend of 3.3p maintains the medium-term prospects are now more than reflected in the price of the tightly-traded total at 5p.
"Prowting said that at the year-end it controlled some shares. Forecasts of a modest £8.5m pre-tax puts the shares. down 5p yesterday to 178p, on a hefty prospective multiple of 22. There are cheaper ways of betting on an end to housing market gloom. 5,500 plots with planning per-mission or zoned for residential use, an increase of 100 plots since the previous year. The forward

AEGON N.V., registered offices at The Hague, The Netherlands

required out of 1990 net income.

J. Henry Schroder Wagg & Co. Ltd., London.

1012 RW Amsterdam, The Netherlands.

The Hague, May 16, 1991

Insurance Group

At the Annual General Meeting of Shareholders held on May 16, 1991, the dividend for the 1990 fiscal year was fixed at Dfl. 2.10 in cash per Ordinary Share of Dfl. 5.00 nominal value – already made payable as interim dividend – and a final dividend that amounts to Dfl. 5.00 per

The final dividend may at the option of the charcholder be taken entirely in cash or Dft. 1.25 in cash and nominal Dft. 3.75 in new shares, chargeable to the tax free paid-in surplus or if so

Except for holders of New York shares, the final dividend will be payable from May 30, 1991 at

Amsterdam-Rotterdam Bank N.V., Algemene Bank Nederland N.V., Cooperatieve Centrale flaiffelsen-Boerenleenbank S.A., NMS Postbenk Groep N.V., Pierson, Heldring & Pierson N.V., Bank Mees & Hope N.V., Kredietbank N.V., Brussels, Kredietbank S.A., Luxembourgeoise, Luxemburg, Schweizerischer Bankverein, Schweizerische Kreditanstalt, Schweizerische Bankpesellschaft, Zürich, Basel and Geneva, Deutsche Bank Aktiengesellschaft, Düsseldorf,

For shareholders wishing the dividend totally in cash, dividend coupon no. 28 will pay Dft. 1.25, no. 29 will pay Dft. 2.68, and no. 30 will pay Dft. 1.07 after deduction of 25% dividend tax.

Sharaholders of Ordinary Shares who opt for payment in shares will receive one new Ordinary Share of Dft. 5.00 upon surrender of dividend coupon nos. 29 or 30 from 40, or from 100 Ordinary Shares, respectively, which new shares will participate fully in the results for

After June 28, 1991, the final dividend ie only payable in caeh. Coupone ehould be surrendered to N.V. Nederlandsch Administratie-en Trustkantoor, N.Z. Voorburgwal 326-328,

The published rates of commission will be paid to members of the Amsterdam Stock Exchange to enable them to exchange dividend coupon nos. 29 and 30 without charging

commission to Shareholders. Rights to payment of dividend in the form of Ordinary Shares will be made available to holders of CF Certificates through the intermediary of the

institutions acting as custodians of the coupon sheets to their shares at the close of business

Shareholders requesting their bank to accept/release securities in connection with the surrender of coupons will be cherged the usual standard fee for deposition/ withdrawal according to the schedule of charges of the Association of Natherlands Bankers (Nederlandse

1991 end subsequent years. Dividend coupons nos. 29 end 30 renk pari passu

FERROMET GROUP, supplier of raw materials from the US to the stainless steel

industry in Europe and south east Asia, is to pay a maiden dividend despite a 55 per cent drop in taxable profits for 1990.

The USM-quoted company hlamed the recession on both sides of the Atlantic for the drop from £1.38m to £624,318 in pre-tax profits. Turnover fell by some 27 per cent to £48.29m. The comparative figures cov-

ered a nine-month period.

Mr Roger Wain, chairman, said the group was also affected by the weak dollar and the Gulf war. "During the last quarter business between the US and Korea came to a grinding halt" he added.

Despite the disappointing result the group is to pay a dividend, a nominal 0.05p, for the first time in its seven year history.
Mr Wain said he had prom-

ised shareholders last year that the company intended to pay a dividend. He hopes to pay a bigger dividend by the end of the current year.
The group changed its name

from Clogan Gold in 1989 when it acquired Ferromet Resources, the US scrap metal company. The American business was recently strengthened with the acquisition of a deep water facility in Alabama.

A joint venture with West-gold, part of the Minorco Group, is studying whether it is financially feasible to mine a geological reserve of 5.5m tonnes at 0.0338 gold per tonne.

Borrowings have risen from £12m to £18m. Mr Wain said the increase was due to the cyclical nature of the trading

The dividend is covered 3.4 times by earnings per share of

COMMENT

By Roland Rudd Shareholders expect dividends. So last year Mr Wain told them Systems Reliability Holdings, the computer systems manu-facturer and telephone systems designer, yesterday announced a £12m managewhat they wanted to hear: Fer-romet would be paying its first dividend when it reported its 1990 year end results. Nothing wrong in that. The only problem was that the promise was made before the fall in the value of the dollar, and more importantly the start of the Chif war. But a promise is a ment buy-out of its telecom-munications and information technology businesses.

The group also reported a fall in pre-tax profits from 27.86m to £7.58m for the year to end-December. Turnover Gulf war. But a promise is a promise and so the group decided to pay out a nominal was up from £134.58m to £183.15m. The sale will strengthen the decided to pay out a nomina dividend and hopes to increase the distribution by the end of the current year. But this time the chairman is wisely refrain-

The sale will strengthen the holding company's balance aheet by reducing its £12m debt by £5.5m. The group is to focus on its core activities. The recommended final dividend of 1.5p raises the total to 2.5p (2.25p). It is covered almost three times by earnings per share of 7.4p (12.75p). ing from promising anything. The market expects a slight increase in profits, putting the shares on a prospective multi-ple of 10. Investors looking for a substantial dividend are likely to be disappointed.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	for year	Total last year
Assoc Brit Foodsfin	8.5%	Sept 2	7.7	12.2	11
Brent Walkerfin	nll		10	5	15
Ferromet 5fin	0.05	June 28	-	0.05	
Goldsmithsfir	1.5	Sept 2	1.4	3	1.4
Hells Homes &fin	nil	-	4	1	8
Prowingfin	3.3	-	3.3	5	6
Systems Reliablyfin	1.5t	July 22	1.5	2.5	2.25
Thereisfin	3	June 27	9.5	6	12.5

Dividends shown pence per share net except where otherwise stated. "Equivalent after allowing for scrip issue, fOn capital increased by rights and/or scquisition issues. §USM stock. §Second interim for 18-month period to September 14.

BOARD MEETINGS

GLOBAL GOVERNMENT PLUS FUND LIMITED International Depositary Recei representing 100 common shares OFFER TO PURCHASE

April 29, 1991 an offer to purchase to 25% of the Company's leaved and outstanding common shares (the offer). The offer will be made by the Company to all registered holders of its common shares in accordance with the terms of the Company's bye-lans. Under the terms and conditions of the offer, a shareholder wishing to accept the offer shall be required to tender all of his shares. The purchase price payable for each common share tendered and accepted by the Company for payment will be the net asset value of the Company on June 19, 1991 divided by the total number of issued and

The offer will be made conditional upon, among other things, the Company's ability to liquidate its portions securities in an orderly manner and consistent with the Company's investment policies and objectives in order to finance the purchase of the shares. If more than 25% of the issued and outstanding shares are validly tendered under the offer, the Company will purchase only 25% of the shares on a pro-rate basis (disregarding fractions) in accordance with the number of shares tendered by each shareholder.

1) deliver the IDRs with coupon number 35 strached, to Morgan Guaranty Trust Company of New York at the address indicated below, by May 27th, 1901 and

2) send the following to the same address by May 27th, 1991;

2.1 a certification in the form imposed by the Company available at the address indicated below, completed and signed by the beneficial owner of the EPRs, declaring the owner is sendering all his shares.

2.2.2 payment instructions for the US\$ proceeds of the purchase
2.2.3 registration and delivery instructions for shares not purchased by the Company If the Company only purchases shares on a pro-rate basis

Although IDR coupon number 34 will only be payable on June 7th, 1991 IDR-Holders accepting the offer will be entitled to this dividend. If the shares are accepted for purchase, a service charge of US\$ 25 due to the Company, an IDR

MORGAN GUARANTY TRUST COMPANY OF NEW YORK 35 Avenue des Arts, 1040 Brussels as Depositary

Midland not | Sedgwick first quarter static at £42.6m despite cost cuts

SEDGWICK, the international insurance group which enforced swingeing cost cuts last year, has announced static profits for the first quarter. The pre-tax figure for the three months to the end of March came out at £42.6m

This result came after Sedgwick had already reported sharply lower pre-tax profits of 269.3m for the full year after 221.4m exceptional charges for redundancies and closures, especially in the US.
Commenting on the first three months, Mr David Row-

against \$42.5m last year.

land, chairman, warned that insurance markets were continuing to be soft.

However, he pointed to a two per cent reduction in expenses

at constant exchange rates in the first quarter. This, he said, was evidence of the benefits of Sedgwick's long-term cost-cutting programme coming

He said that last year's heavy cuts in its US operations allowed Sedgwick James, the international retail business, to show an improvement in trading on last year during the first

Mr Rowland added that the current strength of the dollar was an encouraging factor. With some 80 per cent of revenues in dollars, the weakness in the US unit against sterling during the first quarter, compared with the comparable 1990 period, had had a signifiWithout taking into account exchange rate changes, reve-ques for the quarter were £183.9m (£197.3m) and expenses £138.9m (£152.1m). Operating income provided £169.2m (£179.8m) of revenues and, interest and investment.

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income £14m (£17.5m). Sedgwick Broking Services was beginning to benefit from an "initial hardening" in some parts of the marine market. Meanwhile, premium rates for standard risk in North American and most other insurance a markets had not increased, although in London increase had occurred in certain specialised areas.

Earnings per share for the

first quarter worked through

Robert Maxwell attacked over Central & Sheerwood deals

cant adverse impact.

MR ROBERT Maxwell, the media magnate, became the target of criticism from share-holders in Central & Sheernotices in Central & Sheer-wood, the engineering and property group of which he is chairman, when he failed to appear at both its AGM and subsequent EGM yesterday.

The EGM had been called to

agree restructuring proposals for the group, including the acquisition of two companies controlled by Mr. Maxwell, who owns a 20.7 per cent stake in

Shareholders criticised the absence of Mr Maxwell and his son Kevin, both of whom are directors of the company, to explain the conditions of the acquisitions announced last

"I think it shows remarkable disrespect," said one upset shareholder, while another left the room saying "this is a

Mr Dick Rimington, deputy chairman, explained that Mr Maxwell was extremely busy. The acquisition deals call for C&S to acquire Lock, which designs, assembles and sells electronic metal detection

equipment, and Petroleum Seals & Systems, a manufac-turer of industrial rubber prod-ucts and seals which are subsidiaries of Headington Investments, of which Mr Max-

well is chairman.
It is also acquiring Transfer
Technology, an electronics
group, founded and owned by
Mr Geoffrey Robinson, another
director of C&S, who also has an operational interest in PSS and its subsidiaries. The acquisitions are to be

made for a total cash consider-ation of £1.75m and the issue of 271.2m shares at 3p per share. The shares closed at 4%p yes-

The deal increases Mr Max-well's stake in the enlarged group from 20.7 per cent to 27.2 per cent. Mr Robinson, who will acquire 28.1 per cent in C&S as a result of the deal, is replacing Mr Maxwell as chief

Meanwhile, Robert Fraser Group, the merchant bank, is to dispose of its 98.27m shares in C&S, or approximately 28 per cent, following the decision by C&S in cease its property activities. These shares are

investors, also at 3p each. Independent shareholders are angry that the shares in: the company are being issued to companies controlled by Mr Maxwell and Mr Robinson and placed with institutions at lower than their market price, while independent shareholders are not able to buy at that;

ers are not sale to buy at that; low price.
"It's a bloody carve up," exclaimed Mr Peter Adams, a shareholder. He has been trying to buy shares in C&S since the beginning of the year at 3½p and has not been able to buy any at that price.
"We don't mind you helping yourselves to a large share of

yourselves to a large share of the cake, but when there is

fair share," he said.

Mr Adams's proposal for a rights issue which would enable independent sharehold ers to also benefit from the issue of new shares at an. attractive price, was, however, rejected and all the resolutions put to the meeting were even-tually passed, including a. change of name to Transfer-Technology Group.

Goldsmiths dives sharply to £2m

GOLDSMITHS GROUP, the jewellery chain, reported a sharp fall in pre-tax profits from £4.06m to £1.9m in its first dend to 3p. jewellery chain, reported a sharp fall in pre-tax profits from £4.06m to £1.8m in its first year as a public company, writes John Thornhill.

The recession, poll tax and the high level of interest rates were held to blame. In the 12 months to March 2, sales grew from £39.58m to £41.46m but higher costs reduced operating profits to £4.75m (£6.92m). Mr Jurek Plasecki, chairman

and chief executive, said the tough trading conditions began to have an adverse impact on the business from June onwards and coincided with some big price increases from

O COMMENT

Goldsmiths Group has had a rough ride since it returned to the market via an offer for sale a little more than a year ago. The high street recession has deepened since then and the company's share price has con-sistently headed south from its original flotation price of 150p.
The company is taking a bleak
view of current trading prospects — rightly so in the light
of yesterday'e dispiriting retail sales figures from the Central

Statistical Office — and there-seems little hope of an early recovery in the shares either. This year, Goldsmiths will do well to maintain profits at last. year's level; the weaker trading should be offset by the com-pany's streamons efforts to cut costs; but earnings will. improve marginally due to a improved tax position giving a prospective multiple of 8. The shares are underpluned by a reasonable dividend yield and have little further downside. They are unlikely, however, to move ahead greatly from yes-terday's closing price of 50p until there is a roster glow on

the high street.

"The growth in our Financial Services Division, in particular, has reflected the larger unsecured loan facilities which are now available to our higher income customers and we expect this trend to continue."

Derek Coombs - Chairman

The following are extracts from the circulated statement of the Chairman

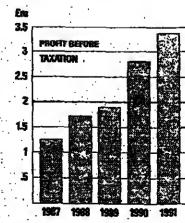
- * The results for the year to 31 January 1991 show pre-tax profits increased from £2.8m to £3.4m on a turnover of £46.3m.
- Earnings per share rose from 17.80p to 21.53p.
- * A final dividend of 6p is recommended (1990: 4.5p) making 8p for the full
- * Once again this performance has been achieved through internal growth without acquisition.
- * The quality of our credit is very closely controlled and is fundamental to the sound development of our business.
- * It is too early to give forecasts for 1991/1992, particularly in these recessionary times, but we believe shareholders will not be disappointed.

From the 1991 Annual Report

* PRE-TAX PROFITS UP 22.5% TO £3.4m

* DIVIDEND UP 33%

* EARNINGS PER SHARE UP 21%



For a copy of the 1991 Annual Report & Accounts write to: The Secretary, S&U Stores PLC, 51/53 Edgbaston Street, Birmingham B5 4QH

TOPS SERIES II LIMITED (Incorporated with limited liability in the Cayman Islands)

U.S. \$100,000,000 Series II Amortising Floating Rate Trust Obligation Participation Securities due 1992

Secured by a Charge on a Portfolio of Fixed Rate Bonds and Notes with an aggregate principal amount of U.S. \$125,100,000

For the period 20th May, 1991 to 19th August, 1991, the securities will carry an interest rate of 6%% per atmum with an interest amount of U.S. \$3,666.51 per U.S. \$250,000 (original principal amount) and U.S. \$7,333.03 per U.S. \$500,000 (original principal ount) payable on 19th August, 1991.

Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London

Agent Bank

TRST AUSTRALIA PRIME INCOME INVESTMENT COMPANY LIMITED International Depositary Receipt insued by MORGAN GUARANTY TRUST COMPANY OF NEW YORK

tion is hereby given to the six Pryment of coupun number 31 of the International Depository Receipts will be goode in US defination or after May 22-1991 at the rain of USS 0.0955 per cediany share at the following offices of Morgan Cauresty Trust Company of New York:

New York, 30, West Broadway 25, Avenue des Arts 1, Angel Court 44/46 Mahaser La

The curment is not susject to key Assimilar tax. The Belgian withho tax will be applicable to IDR holders presenting their coupons to the effices of Depository without the appropriate no Belgian poldent critificate.

GAN GUARANTY TRUST COMPANY OF NEW YORK BRUSSELS OFFICE

TODAY

The Board of Directors of Global Government Plus Fund Limited authorised on

IDR-holders who wish to sell their shares under this offer must:

and not less than all for purchase.
2.2 an instruction containing all of the following items: 2.2.1 an Indication of the Identity of the beneficial owner

concellation lee of US\$ 10 per IOR and the expenses incurred by Morgan, Brussels, will be deducted from the proceeds.

Andrew Taylor and Charles Leadbeater on the political reaction to Hanson's stake in ICI while Diane Summers gives the unions' views

OSt Cuts MPs unite in opposition to possible bid

MPs with Imperial Chemical Industries plants in their constituencies yesterday warned stituencies yesterday warned that a bid for the company by Hanson, the acquisitive conglomerate, would face mounting political opposition.

The response confirms that the government would face considerable pressure from its

own supporters to make sure
ICI was not broken up by Hanson, which last week acquired
a 2.8 per cent stake.
As the map, right, shows, the
spread of ICI's involvement in

the UK economy gives it a considerable political signifi-

The company has a UK workforce of 53,000 employed at more than 70 sites throughout the country, 32 of which employ 200 or more people. Its activities directly affect more than 40 Parliamentary constituencies, some of them Conservative marginals.

In the next few weeks much could turn on how the two companies marshall their political resources.

Mr Nicholas Winterton, Con-servative MP for Macciesfield where ICI employs about 1,700 people said: "I am absolutely appalled at the prospect of a bid for ICI. I cannot see that Hanson can do anything for ICI that ICI could not do for

He added: "If a bid is made I will put pressure on my party and ministers to ensure it does

Mr Douglas French, Conservative MP for Gloucester, who varive mr for Groucester, who represents 90 per cent of the workers at ICI's plant in the city, said: "I view with some misgivings the possibility of control passing to Lord Hanson because, brilliant though he is, I do not think that his greatest abilities its in the enterior." abilities lie in the sustained management and progress of a

management and progress of a company of ICI's type."

Dr Marjorie Mowlam, opposition spokesman on city and corporate affairs and MP for Redcar commented: "A bid by Hanson would be opposed by the people of Teesside on several levels. While some might criticise ICI on environmental grounds. Hanson's record is grounds, Hanson's record is much worse and investment, particularly in research and development would suffer."

Mr Harry Ewing, Labour MP for Falkirk, whose constitu-ency includes ICI's Grangemouth complex said: "I am horrified at the thought of a takeover. ICI is a well managed company, with good industrial relations. All that would be put at risk with a bid. The govern-ment could not stand by and see a national institution endangered."

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GREATHAM: 530 HUDDERSFIELD: 1,700 Barry Sheerman (Lab) 7,278 Peter Thumham (Con) 813 Devid Young (Leb) 11,381 HARROGATE: 300 Robert Banks (Con) 11,902 BOLTON: 200 Seckville (Con) 4,593 FLEETWOOD: 1,700 Keith Mens (Con) 14,661 WINNINGTON: 1,000 Neil Hamilton (Con) 17,094 Harold Walker (Lab) 8,196 DONCASTER: 1,000 DARWEN: 700 David Tripper (Con) 4,982 Michael Welsh (Lab) 19,935 GRANGEMOUTH: 1,400 Harry Ewing (Lab) 14,023 GRIMSBY: 750 Austin Mitchell (Lab) 8,784 DUMPRIES: 1,000 Ian Lang (Con) 3,673 Sir Hector Munro (Con) 7,493 MACCLESFIELD: 1,700 BLACKLEY: 1,300 Jim Callaghan (Lab) 6,848 ALDERLEY PARK: 2,500 RUNCORN: 2,000 Gordon Oakes (Lab) 14,578 GLOUCESTER: 1,300 Douglas French (Con) 12,035 WIDNES: 300 Gordon Oakes (Lab) 14,578 SEVERNSIDE: 400 John Cope (Con) 14,270 SLOUGH: 1,600 John Watts (Con) 4,090 WIGAN: 250 Roger Stott (Lab) 20,462 STOWMARKET: 700 Michael Lord (Con) 16,290 PONTYPOOL: 700 Paul Murphy (Lab) 17,550 MANNINGTREE: 500 Sir Julian Ridsdale (Con) 12,082 SHEPTON MALLET: 200 David Heathcoat-Amery (Con) 8,541 WELWYN GARDEN CITY: 500 David Evans (Con) 10,903 JEALOTT'S HILL; 1,000 Andrew MacKey (Con) 22,626 FERNHURST: 700 Anthony Nelson (Con) 20,177 YALDING: 350 PLANT: Workforce MP (Party) Majority

Unions warn of fight on a scale never seen before

TRADE UNIONS at Imperial Chemical Industries yesterday launched what they claimed would be a campaign "on a scale never seen before" as a pre-emptive move to influence public opinion against any bid for the company from Han-

The first stage of the cam-paign will be to press the Office of Fair Trading for an investigation on the basis that edly be against the public

In addition the European Commission will be asked to start immediate investigations. The unions also threatened to exert any pressure they could through pension fund investors

in the company.

Mr Fred Higgs, secretary of the union side representing 22,000 process and craft workers said: "We're confident that if Hanson decides to go ahead with a full-blown takeover he's going to discover he's bitten off more than he can chew."

The six unions — the TYSWII The six unions - the TGWU

and GMB general unions, AEU engineering union, EETPU electricians union, MSF general technical union and the construction union Ucatt —
had a brief meeting with ICI
management today to inform
them of the campaign. The
company said it would "watch
with interest". be detrimental to the unions members, the company and the long-term future of the whole company, said Mr Higgs. "It is our view that Hanson is a vandal of British industry," he

The unions feared that the component parts of the com-pany would be sold for a quick return on Hanson's investment. There were particular fears for the pension fund. "On two occasions court action has had to be taken to prevent han to be taken to prevent Hanson taking surpluses out of pension funds," said Mr Higgs.

The ICI unions were yester-

The ICI unions were yester-day due to meet representa-tives of other unions at the Trades Union Congress to dis-cuss the issue. An early meet-ing is also being sought with Labour's front bench trade and industry team.

In a further move the union intend contacting members of the European Parliament and local councils, in which the company's plants, numbering more than 70, are situated.

Separately, blue collar unions yesterday indicated that they were likely to reject a 6.4 per cent pay offer from the company. The increase, which would take effect from June 1, would be in addition to a 14 per cent rise and a cut in the working week at present on offer in exchange for an improvement

Boddington questions Devenish asset value

By Philip Rawstorne

BODDINGTON, the pubs, hotels and health-care group, yesterday pursued its takeover bid for JA Devenish by claim-ing the west country brewer had significantly overvalued

its assets.

Mr Denis Cassidy, Boddington's chairman, said in a letter to Devenish shareholders that the company's fully diluted net assets amounted to little more

than 200p per share.

A review of Devenish's pubestate by a firm of chartered surveyors suggested that if was worth £20m less than the reported net book value of £147m, he said.

A book value of £195m for ery, which might have to be closed, was also questionable.
Devenish said in its defence document earlier this month

Boddington's 10-for-7 share

exchange offer values Deven-ish at 214p per abare. There is a cash alternative of 210p. Mr Cassidy, whose letter also attacked Devenish's "dismal profit record and prospects" yesterday questioned the credibility of any forecast for 1991 that the company might include in information it has

promised shareholders. "Devenish's dependence on the summer holiday trade would make it not so much a

forecast" he added. Mr Michael Cannon, chairman and chief executive of Devenish, said yesterday that Boddington's views were. He added that Mr Cassidy's letter was "full of conjecture Boddington's fear that it would not be able to afford the price

FINANCIAL NEWS FROM BANK OF SCOTLAND

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1991	1990
£339.4m	£305.4m
£134.1m	£193.5m
£1,707m	£1,538m
£22,095m	£18,394m
9.5p	14.3p
5.1p	4.55p
	£339.4m £134.1m £1,707m £22,095m 9.5p

- Operating Profit continuing to grow up 11 per cent on 1990.
- Profit before taxation down to £134.1 million as a result of increased bad debt provisions.
- Net ordinary dividend for the year increased by 12 per cent to 5.1 pence.
- Cost : income ratio a satisfactory 54.6 per cent.
- Current trends and improving margins give confidence for a Rights Issue to raise an additional £194 million of Tier 1 equity capital.



For a copy of the Bank's Annual Report contact the Public Affairs Department, Bank of Scotland, PO Box 725, Orchard Brae House, 30 Queensferry Road, Edinburgh EH4 2UH. Telephone 031 343 7070.

office 13 rue Goetha L-1637 L R.C. Limmbourg: 9-27 229 NOTICE TO SHAREHOLDERS

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To the Holders of

Series F, Class F-1 Floating Rate Bonds Due February 20, 2018

Pursuant to the Indenture dated as of February 1, 1985 between Shearson Lehman CMO, Inc. as Issuer and Texas mmerce Bank as Trustee, notice is hereby given that the at rate applicable to the above Bonds for the interest period May 20, 1991 through August 19, 1991 as determined in accordance with the applicable provisions of the Indenture, is 6.6875% per amount. Amount of interest payable is \$116.612306663 per \$10,000 principal amount-

Associated British Foods

Second Interim Report

Following the change of date to which the financial accounts of the group are prepared, the Report and Accounts for 1991 will cover an eighteen munth period to 14 September 1991.

	12 months to 30 March 1991*	12 months to 31 March 1990
	goilling 2	£ million
Turnover	3,125.1	2,774.7
Trading surplus Interest payable	188.9 23.4	159.3
Group profit	165.5	152.3
Investment income	151.9	131.5
Profit on ordinary activities before tax	317.4	283.8
United Kingdom tax Overseas tax	58.1 43.1	54.1 36.6
Profit on ordinary activities after tax Minority interests	216.2 5.8	193.1 5.5
Profit on ordinary activities attributable to the company	210.4	187.6
Extraordinary items	(100.9)	79.6
Profit for the financial year	109.5	267.2
Ordinary dividends 1st Interim 2nd Interim	16.6 38.1	14.7 34.6
Earnings per share before extraordinary items	46.9p	41.9p
*This year's figures unaudited.		

The Chairman, Mr. GARRY WESTON, reports:

In spite of the continued heavy pressure on food manufacturing margins during the period under review, f am pleased to report increased profits for the group up 12 per cent to £317.4 million. This figure has been achieved after currency realignments which had the effect of reducing the earnings of our overseas subsidiaries by some £3.5 million. After providing for taxation of £101.2 million and minority interests of £5.8 million, earnings

per ordinary share also increased by 12 per cent.
Once again, the lower margins achieved by
the UK manufacturing divisions have been more
than compensated for by the continued earnings
growth of our overseas divisions, from the excellent growth in contributions during the year from the group's cash balances, and by the first time inclusion of earnings from new subsidiaries, principally British Sngar. These earnings totalled £33.2 million, which exceeded the cost of financing the

As shareholders have already been informed, British Sugar ple, was acquired nn 2 January 1991, with the acquisition being financed partly out of our own cash balances and partly by bank borrowings. The closure of the two sugar fac-tories announced in February 1991 was planned prior to acquisition, and the costs thereof, including the write down of assets employed to net realisable value, have been treated as fair value adjustments to

the book value of the assets acquired at acquisition.

Group sales to customers for the twelve months increased by 13 per cent to £3,125.1 mil-boa. This Includes some £170 million attributable to British Sugar and a reduction of £58 million resulting from currency realignments.

Our UK manufacturing divisions increased sales by £264 million to £1,676 million, and the retail companies by £46 million to £364 million.

Excluding British Sugar, these reflect increases of 7 per cent and 15 per cent respectively.

The profit achieved by our UK manufacturing division is £110.1 millinn. After excluding the contribution from British Sugar, this shows a decrease of £12.7 million compared with last year, but this is after the heavy costs of some £12 million (1990 - £6.9 million) associated with the closure of three major bakeries as well as restructuring and redundancy costs in nur other manufacturing com-panies, which in accordance with the group's normal practice, have been charged above the line. As reported at the six month stage, the margins of nur bakery operation continue to remain under sure, affected by heavy competition and the pressure, affected by heavy competition and the lack of buoyancy in the bread markets, whilst the earnings reported by nur milling division were below the record figures achieved the previous year. With the exception of our canning and ice cream

nperations, all other manufacturing divisions show results in line with ar better than budgets.

Our retail companies in the North of Ireland and this country together increased earnings to £10.1 millian with our grocery companies in Ulster achieving an excellent turn-round, continuing to further increase sales whilst improving operating margins after the heavy pressures of the previous

Our overseas companies produced good results with sales at £1,085 million and trading profits of £68.7 million showing increases of £40 million and £7.9 million. After allowing for adverse currency movements, these are increases of 10 per cent and 19 per cent respectively. George Weston Foods in Australia increased sales and profits by 6 per cent and 15 per cent respectively.

Group investment income, net of interest payable, at £128.5 million is after financing the British Sugar acquisition and compares with earnings from this source of £124.5 million the previous year.

As indicated at the 1990 Annual General Meeting, we have reviewed the value of our investment in Berisford International, Accordingly the value has been written down by £100.9 million and

has been dealt with as an extraordinary item.

Whilst Associated British Foods' performance to its new year end of 14 September 1991 will undoubtedly be adversely affected by continued pressure on manufacturing margins and the lower interest earnings on reduced cash balances, we believe that this will be more than compensated for by earnings from elsewhere in the Group and the contribution that will be made from a full six

months by British Sugar.

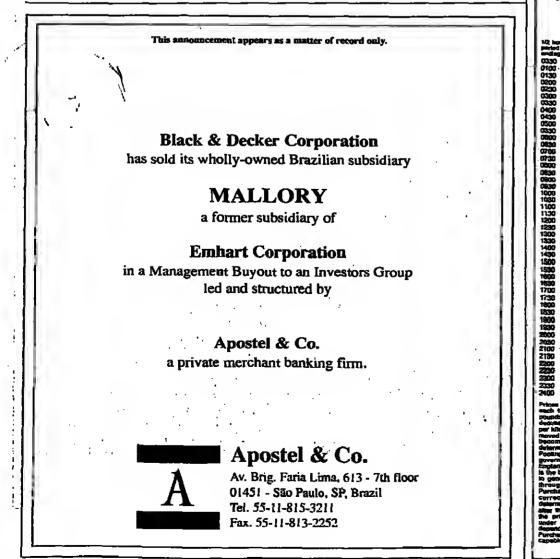
At a Board Meeting today, the directors declared a second interim dividend of 8.5p per share (1990 - 7.7p) which, together with the associated tax credit, is equivalent to 11.33p per share (1990 - 10.27p). This interim dividend will be paid on 2 September 1991 to shareholders registered at the close of business on 21 June 1991. A first interim dividend of 3.7p per share (1990 - 3.3p) was paid in March 1991 which, together with the associated tax credit, is equivalent to 4.93p per

share (1990 - 4.4p).
This increase in the second interim dividend is in accordance with the statement made on 29 January

1991 announcing the change of our year end.

The Annual General Meeting for 1991 will be held at the Connaught Rooms on Friday 20 September 1991, to consider relevant business other than the adaption of the Report and Accounts for the eighteen months to 14 September 1991. An Extraordinary General Meeting to consider and adapt the Accounts will be held during January 1992.

Associated British Foods plc Weston Centre, 68 Knightsbridge, London SW1X 7LR



UK COMPANY NEWS

Takeover interest in a resilient offshoot

John Murray Brown ponders the future of Vestel, a thriving Polly Peck company

HE MOURNING period is over, says Mr Tabsin Karan, head of Vestel, the Turkish consumer electronics subsidiary of Polly Peck

International As PPI's creditors meet on Friday in London to decide the fate of the UK fruit to electronics group, Mr Karan may well ponder on what might have been. Today, seven months after financial difficulties forced PPI's chairman, Mr Asil Nadir, to seek UK court appointed administrators, Ves-tel is almost thriving.

To underline the point in

February, Vestel reported a fourfold boost in pre-tax profits for 1990 to TL167bn (£36m). According to figures in the administrators' report the Vestel group made a trading profit of TL24Ibn (£52m) in 1990. The company, reconfirming

its reputation as one of PPT's more resilient subsidiaries. negotieted suppliers' credits with Goldstar, its South Korean joint venture partner. It has even won financial back-ing from some of the very same banks which refused new credits to PPL

What was important for the creditors was that the administrators explained they were behind the management," says

Mr Karan.

Loath as they were to admit it, Vestel's success provides an object lesson for its rivals how a foreign investor new to the field can shake up e well established industry and secure almost 20 per cent of the local market together with the largest chare of

When Vestel started production in 1985 there were just two makers of consumer electronics in Turkey – Profile, which has the Sony license, and Koc's Arcelik, which makes Hitachi and Toshiba.



Vestel's factory at Manisa where some 30 different brand names are produced

With its eyes on the export market, Vestel rejected the usual "licensed manufacture" route to industrialisation. Instead, after a two-year link with Thorn EMI, Vestel established its own hrand name by bnying components from the Far East and assembling in

Turkey.
"In our industry nothing is sacred," says Mr Karan. "We have no research and development. We buy integrated circuits. This is 60 per cent of the technology. The rest is just engineering skills."

Vestel is currently the second largest producer of colour televisions, with 14 per cent of the local market and 29 per cent of exports. It assembles both audio and video products, and has a complete range of white goods including refrigerators, washing machines and micro wave ovens.

The factory at Manisa, near Ismir, produces some 30 different brand names, made to the sign and specification of a foreign purchaser - an arrangement known as original equipment manufacturing (ÕEM).

Bnyers include many big international manufacturers such as IBM, Toshiba and Philins and UK retailers such as Dixons and Currys. In 1990 exports reached \$90m, accounting for 60 per cent of Vestel's

production. When you look at the Far East it takes them a month a ship. We can deliver to the retailers in four or five days," says Mr Karan.
The political climate was right, with Mr Turgut Ozal the

then prime minister, introduc-ing sweeping changes in the trade regime in an effort to force new efficiencies in Turk-ish industry.

Vestel was also ruthless in head hunting local expertion

head hunting local expertise — which in part explains the leg-acy of mntual bitterness in the industry. Mr Karan was formerly a general manager at

On the financial side. Vestel was able to rely on letters of credit issued by PPI for much of its raw material supplies, an important advantage when you consider that domestic borrowing was costing 100

Furthermore, Vestel'e 4,500 strong workforce is not union d, another key factor at time of growing labour unrest in

Some doubts remain. On the istanbul stock exchange, where Vestel listed 18 per cent of its stock last June, the shares currently languish at around TL7,800 compared with the

issue price of TL13,250. One reason for this is that many brokers anticipate that the administrators will try to sell many more Vestel shares as part of the restructuring of

the group.
Analysts also believe that Vestel may suffer substantial foreign exchange losses this year Much of the company's imput costs are in foreign currencies while its sales earn Turkish lira. The situation could be exacerbated this year with the TL devaluing by more than 30 per cent against the dollar in the first four months

of 1991. Mr Nadir used his local newspapers to market Vestel's producte as one way to absorb some of the promotion

Whatever questions hang over Vestel, there is no shortage of takeover interest despite Mr. Karan's assertions that Vestel will remain part of the

PPI core group.

For local groups like Cukurova and Sahanci, Vestel would provide a ready made entry into electronic manufacturing. For competitors like Koc and Profilo. Vestel represents a chance to increase market share and buy brands. Koc, Turkey's leading trad-

ing house, is understood to have expressed an interest in Vestel's picture tube investment venture with Thompson CSF, the French electronic con-

Thompson has been men-Thompson has oeen men-tioned as a possible buyer of Vestel. As one UK fund man-ager put it: "I think all the big conglomerates will be interted. It'e such e cash cow."

NEWS DIGEST

few years according to Mr

Frederic Velge, chairman.

Thorn in talks with Japanese

THORN EMI is discussing the possible sale of its light sensing and light amplification devices business to Hama-matsu Photonics of Japan. Thorn. · activities include

recorded music, rentals and lighting, said it was also talking to Hamamatsu about other forms of collabora-The business concerned

employs 220 people and turned in sales of about £7m in It is based in Rulslip, Middleunit in New Jersey, Its prod-ucts are used for scientific and

Thorn EMI Electron Tubes,

Godfrey Davis sells Ford dealerships

medical purposes.

Godfrey Davis (Holdings), the textiles, car dealing and build-ing services group, has condi-tionally agreed to sell three of its four Ford dealerships to

Godfrey Davis (Trust), a new company owned by directors of the dealerships.

The sale price of £6.69m includes an immediate dividend payment of £1.14m to Godfrey Davis, with the balance payable on completion.

Total proceeds of the sale

will result in an extraordinary loss on disposal of about £1.3m, which will be included in Godfrey Davis's interim figures for the six months to end June. Following the disposal, Godfrey Davis's interests in the motor distribution sector will comprise a single Ford dealership at St Albans together with property assets still rented out to Trust. The proceeds will be used to

fund further expansion of the group, which is proposing to change its name to Davis Service Group at its forthcoming

Exchange rate losses put Tharsis into red

The Tharsis Company, a Glasgow-based group which is mainly involved in land development in Spain, incurred a deficit of £153,076 in 1990. The total dividend is more than The outcome - achieved on

turnover of just £370,420 (£2.29m) - compared with tax-able profits of £1.62m in the previous year and was struck after exchange rate losses amounting to £275,857 (profit of

The position was also affected by the group's share of losses at its Filon Sur gold mining associate which amounted to £383,065 reflecting a low metal price and the weak

Following a restructuring, its share of the company increased from about 27 per

High interest rates

with Jyske Bank

11 1/8

9 3/4

On USD 89,000 you will earn 0.50% extra interest

14 currencies to choose from *No Danish taxes for non-residents in Denmark

to Central De Costa Rica US \$98,611,115 Series A interest Claims Bonds Due May 21, 2005

US \$76,435,529 Series & Interest Claims Bonds Due May 21, 2005

TCE IS HEREBY GIVEN, that the rate May 21, 199, through and including i

Dated, May 21, 1991

11 1/4

10 3/4

Currency

The company's original core activity - the sale ontside Spain of pyrites - was expected to cease in the current Earnings per share slumped from 44.99p to 3.23p and a proposed final dividend of 3p brings the total to 6p (12.5p). Losses deepen

Losses deepened in 1990 at Youghal Carpets (Holdings) from I£1.26m to I£2.84m (£2.55m). There was an operating loss this time of 1£255,000 compared with profits of 18802,000.

Interest charges at this County Cork based company lever's Superannuation Fund, a combined turnover of £24m.

rose to IE2.18m (IE1.88m). In addition; exceptional items increased from IE184,000 to IE401,000, relating to reorganicent to 48.5 per cent. The investment was expected to contribute to profits within a sation costs of its UK plants. Turnover fell 17 per cent to 1£55.23m (1£66.44m). Losses per share came out at 6.09p (2.85p).

> Rosehaugh holding rebuilt

Funds managed by Robert Fleming have rebuilt their stake in Rosehaugh, the prop-erty company headed by Mr Godfrey Bradman, to 13.18 per

at Youghal ent. Before Rosehaugh's rights issue in February 1990, Flem-ing-managed funds held about 12 per cent. The holding was

reduced to 4 per cent in September, since when it has grad-One of the funds is Uni-

which has notified Rosehaugh that it has a holding of 3.13 per Rosehaugh's shares rose 2p

to 59p yesterday, after having fallen from 220p during the

Powell Duffryn £5m Dresser purchase

Hamworthy Engineering, the Dorset-based subsidiary of Powell Daffryn, has bought the combustion operation of Dresser Holmes from Dresser Industries of Dallas for 25m. Dresser Holmes' plants in Kent and the West Midlands will strengthen Hamworthy's existing combustion systems business and improve penetration of the expanding largescale incinerator and process industry markets.

FIDELITY BALANCED PORTFOLIO

Société d'Investissement à Capital Variable 33. Boulevard Prince Henri L-1724 Luxembourg

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the Shareholders of FIDELITY BALANCED PORTFOLIO, a société d'investissement à capital variable organised under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the registered office of the Fund, 33. Boulevard Prince Henri, Luxembourg, at 11 a.m. nn May 30, 1991, specifically, but without limitation, for the fallowing purposes:

1. Presentation of the Report of the Board of Directors.

2. Presentation of the Board of the Auditor.

3. Approval of the balance sheet and income statement for the fiscal year ended January 31, 1991. 4. Discharge of the Board of Directors and the Auditor.

Election of five (5) Directors, specifically the reelection of the following five (5) present Directors: Messrs. Edward C. Johnson 3d, Charles T. M. Collis, Charles A. Fraser, Jean Hamilius and H. F. van den Hoven.

6. Election of the Auditor, specifically the election of Coopers & Lybrand, Luxembourg.

7. Declaration of dividends on the Fund's Class A and Class B shares in respect of the fiscal year ended January 31, 1991, and authorisation of the Board of Directors to declare additional dividends in respect of fiscal year 1991 if necessary to enable the Fund to qualify for distributor" status under United Kingdom tax law.

8. Consideration of such other business as may properly come before the meeting. Approval of the above Items of the agenda will require the affirmative vote of a majority

of the shares present or represented at the meeting with no minimum number of shares present or represented in order for a quorum to be present. With respect to Item 6, each class will vote separately its approval of the dividend to be paid on shares of that class; the affirmative vote of a majority of the shares of that class present or represented at the meeting will be required in addition to the affirmative vote of e majority of the vote of the combined classes present or represented at the meeting to approve the dividend. Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to ownership of either or both Class A and class B shares which constitute in the aggregate more than three percent (3 %) of the outstanding shares of both classes, each share is entitled to one vote. A Shareholder may act at any meeting by proxy. Dated: April 24, 1991

BY ORDER OF THE BOARD OF DIRECTORS



Tenneco Inc

is our 45th consecutive dividend

The 1991 second quarter dividend of 80¢ per share on the Common Stock will be paid June 11 to stockholders of record on May 28. About 129,000 stockholders will share in our earnings.

Karl A. Stewart, Secretary

year of cash

ffshoot

Despite the intense competition in 1990, and through a firm internal policy of 'good housekeeping', Mr Jon Foulds, Chairman of Halifax Building Society, was able to announce exceptional results for the year in his first

During 1990, the broad range of mortgage schemes was widened to encompass special offers for first time buyers, larger borrowers and those looking for a fixed rate mortgage, whilst prudent lending policies ensured that

annual statement.

• Pre-tax profits

up by 11% to
£593 million.

"IN A FIERCELY COMPETITIVE WORLD, ONLY THE BEST WILL SURVIVE AND PROSPER."

borrowers were not allowed to over-commit themselves.

New saving schemes

- Cost/income ratio improved from 51.4% to 48.5%.
- Assets grow to £54,000 million.
- Gross lending of £9,600 million to 211,000 borrowers.
- Market share of lending sustained at 17%.
- Savings and investment balances up by £5,600 million.

"It is," said Mr Foulds "my firm belief that the quality of Halifax assets, our capital strength, profitability and efficient management place us among the leading European financial institutions."

Everything about the Halifax is substantial, both its achievements and its ambitions.

Yet it is the constant principle of the organisation that all the success to date will only continue if customer needs are met with excellent products and an exceptionally good service. were added to the traditional portfolio of Instant Xtra and 90 Day Xtra. These included a one year bond – Capital Xtra and a high return investment–Time Deposits.

Following the 1990 Budget encouragement for savers, the Halifax introduced a TESSA scheme which has proved spectacularly successful with currently over 350,000 customers and almost £1,000 million invested.

The appeal of Maxim, the Society's current account, continued to grow, and now 350,000 customers have the additional benefit of the Switch facility.

Halifax Standard Life, a joint venture unit trust company, was formed to offer a range of personal equity plans and unit trusts, the first of which, Global Advantage, made an encouraging start despite the background of a rather depressed stock-market.

Good housekeeping, consolidating and preserving asset quality, enhancing service and controlling costs have not deflected the Society from its steady programme of introducing new products and services.

Fierce competition and the uncertain economic outlook is likely to place a premium on quality investment and mortgage products. By continuing to meet this need the Halifax will retain its position as the world's biggest building society.

COMMODITIES AND AGRICULTURE

Food export loans might cost US Treasury \$6.7bn

THE US Treasury may have to pay as much as \$6.7bn (£3.9bn) for delinquencies on loans backed by the US Agriculture Department to hoost food exports, a government report

The General Accounting Office, the investigative arm of Congress, said the cost of the government's export credit guarantee programme might soar because the USDA has been forced by law to hand out billions of dollars in guarantees to high risk countries like Iraq. The countries which received these guarantees are even less likely to meet their obligations than poorer countries which get soft loans for

The GAO report has become e factor in the debate over the Soviet request for \$1.5hn in new guarantees. President Bush has said he wants to extend the guarantees but he is being restrained by creditworthiness requirements written into last year's farm bill.

The investigators noted that Moscow's credit rating by international banks has deteriorated rapidly in the past year, showing the second greatest one-year decline for e country in the past decade.

The report estimated that of the \$11.2bn in guarantees and

BRAZILIAN and Argentinian officials are to meet this week to discuss a compromise on Brazil's plan to import 700,000 tomes of sub-sidised whaat from the United States, writes John Barham in Buenos Aires. Meetings were announced

after the economy ministers of both countries met in Rio de Janeiro et the weekend. The announcement that Brazil planned to import subsidised wheat fell like in bombshell in Buenos Aires, which considers Brazil a captive market. Argentinian

delinquent or rescheduled pay-ments outstanding last May, the treasury might have to pay out 60 per cent or \$6.7hn. USDA officials edmitted to

the GAO that they have had difficulty finding creditworthy countries for the programme. Congress has required the Commodity Credit Corporation, the USDA's bank, to make available "not less than \$50n" in short-term guarantees for each of the fiscal years 1991 to 1995 and not less than \$500m a the same period. Another \$1bn is supposed to be made avail-able for exports to emerging

officials were outraged that their principal trading partner and a founding member of the nascent Southern Cone Common Market would accept subsidised wheat.

rlier, Argentine officials said they accepted a US promise to start exporting only after Argentina had filled its 2m tonne quota. Officials have confirmed that the government is trying to use the threat of US wheat sales to press middlemen and grain exporters to mederate their prices and so evoid e surge in inflation.

The GAO was told that loan guarantees have often been the result of political consideretions. Last year, however, Congress prohibited the use of

the programme for foreign policy purposes.

The CCC has been experiencing difficulty in collecting its debts, according to the GAO. Its practice has been to suspend further guarantees until payments are made or rescheduled and to use diplomatic channels to encourage repay-

Of the \$2.7hn in rescheduled debt last May, \$1.4bn has come due, with \$900m of that delin-

Low cocoa prices sap Malaysian resolve to beat the podborer

By Lim Slong Hoon

FOR NEARLY e decade cocoa planters in Malaysia waged periodic, and anccessful, batmoth caterpillar nicknamed the "podborer". It is able to penetrate the hard fruit pods, feed on the pulp, and stunt the growth of beans.

Conopomorpha cramerella is making e comeback today because low cocoa prices in the world market have started to weaken the planters' resolve to deal with it

As e result podborers have infested more than 5,000 hectares in peninsular Malaysia, compared with 4,000 hectares before May 1990. The area may seem small.

just 3 per cent of the 148,000 hectares of cocoa farms in a peninsula which accounts for 35 per cent of the 247,000 tonnes in 1990 national production. The remainder comes mainly from the Borneo state

But the infestations, coupled with low returns, have touched off drastic measures. Plants. tions are beginning to destroy their cocoa trees while the government turns e hlind eye to e quarantine law intended to

deal with the pest.
Plantations have destroyed up to 1,000 hectares of cocoa trees in recent months. With yields of between 700 kg to 1,200 kg per hectare, they are some of the country's best

The destruction also has to do with the quarantina law which requires planters to eradicate the pest through e number of prescribed mea-sures, such as hurying the infected pods and employing intensive pesticide spraying.

But such measures double the production cost at a time when planters are least willing to spend. Mr Ooi Ling Hoak, an agronomist, said: "If they canagronomist, said in they can-not conform to the law, they want to chop down the trees." Among stata-suhsidised smallholdings, typically e quarter to one hectare, there has been a strong resistance to complying with the law, partly because their yields are even lower. The government's offer to compensate them, at about

rejected.
The defiance opens the smallholders to prosecution,

but according to planters this would be unlikely for political reasons. And without their

reasons. And without their co-operation the infestation is certain to speed up.
Rising infestation is intensifying the debate between planters and the government about whether to change or nullify the law to switch the emphasis from eradicating the podborer simply to containing it.
Mr Ooi said: "For practical

reasons aredication looks impossible. Maybe we should learn to live with the pest." In Sabah, where the law is absent, the podborers spread through the state within two years so dealing with them has become "just another production cost item" said Mr. Oci...

The Malaysian Cocoa Grow-

ers' Council argues for a threshold level - 10 per cent to 15 per cent is suggested for the infestation of every 1,000 pods - beyond which control measures be required. At that level the loss on bean extraction would be compensated for by savings from the existing high production costs incurred by law. That, an

agricultural official said,

estates could tolerate.

A gold mine that takes the breath away

Kenneth Gooding visits the Choquelimpie project high in the Chilean Andes

oing to the Choquelim-pte gold mine in Chile takes your hreath away - literally. It is the high-est commercial mine in the world, in the mouth of a dead wolcano 4,825 metres (15,777 ft)
up in the high Andes.
At this height air has only
about half as much oxygen as

at sea level. Pressure in the lungs is reduced by half. Hearts have to beat faster and breathing is more rapid as the body tries to absorb enough

oxygen.
This poses special problems for an enterprise which is shifting 45m tonnes of rock a year to leach out the gold and sil-

cal is compulsory for visitors, when blood pressure and pulse rates are checked. One person in three suffers altitude sick-ness which causes headaches, nausea and, sometimes, vomiting. But severe cases can be countered by bottled oxygen, which is kept on hand. High altitude mining, which

Choquelimpie is pioneering in Chile, has other complications. There are ferocious "tormentas There are ferocious "tormentas electricas" — electrical storms which streak in from Bolivia, 20 km to the east, between January and March, fall into the volcano's mouth, spit lightning in all directions and bring a mixture of rain and snow which halts all operations.

At such times the air is filled with static electricity which makes the hair stand straight

makes the hair stand straight up on end. Lightning conduc-tor masts and deflecting cables failed to prevent a miner being struck down by lightning and killed in March this year as he stood defiantly with hands in pockets on the edge of the

waste dumps.

Many of the 700 employees are recruited from fishing towns at sea level. Never before heve they touched snow, let allowed they touched they are they touched they are the are they are the are they are the moving equipment in it. Four people suffered eye problems from the effects of the glare of sunshine on snow before the management realised that the miners had to be taught to wear sunglasses to keep out the intense ultraviolet light. Sunglasses are now supplied to employees as part of their stan-

dard equipment.
Sociedad Contractual Minera Sociedad Contractual Minera Vilacollo, a partnership between Billiton, the Boyal Dutch/Shell offshoot (41.7 per cent), Northgate of Canada (35.3 per cent) and Citihank (23 per cent), which operates Choquelimpie, is helping to finance a study of the effects of high altitude on miners. It is also mecing together information piecing together information about protection from electrical storms which is frequently proving to be contradictory.

All this will be of immense value as mining activity builds up in Chile, one of the world's most mineral-rich countries and one which is attracting a great deal of foreign investHigh stake: at an altitude of 4,825 metres 4.5m tonnes of rock a year is being shifted from a dead volcano something like full adjustment takes place although muscular strength is reduced. Recent tests have shown that problem-

ment since its recent return to democratic government.

Much of Chile's treasure is locked in the high Andes.

Breathtaking current projects include Coldelco's Andina cop-

per operation at 4,200 metres (13,794 ft); La Coipa gold project (Placer Dome and TVX

Gold) at 4,100 metres (13,407 ft) and Cominco's Quebrada

Blanca copper project et 4,220 metres (14,000 ft).
Two of the Choquelimpie

except by taking each one there to see what happened.

"There seems to be no pattern. Extremely fit and active people have been known to suffer badly while some over-

weight, heavy-smoking types feel no effects," he said.

about two weeks for the first effects of high altitude working to wear off as the body hullds up more red corpuscles in the blood. After about two months

At Choquelimpie it takes

permanently weakened.

Because humidity is substantially reduced at great heights, employees suffer from dehydration unless they drink a great deal more than usual. But the bad news is that alcohol taken at extreme height has little of the usual relaxing impact.

Two of the Choquelimpie partners, Billiton and Citibank, have a potentially important copper project, Collahussi, not far from Choquelimpie, at 4,400 metres (14,388 ft). Mr Rodney Lay, managing director of Billiton Chile, said there was no way of knowing if individual geologists needed for the current \$10m exploration programme et Collahussi would be able to work at that altitude except by taking each one advised against heavy drinking or taking tran-quillisers to help overcome the sleeplessness which is another perennial problem at great alti-

Shallow hreathing when sleeping often does not allow the lungs to collect anough oxygen and the sleeper wakes to hreathe more deeply. Artificial aids to sleep might cause gradual suffocation. The Vilacollo partners decided it would be more com-

fortable for employees if Choquelimple's mining camp was a little lower, at Putre, a small town at 3,500 metres (11,445 the three shift, for round-the-clock working. They travel through speciacular mountains of brown, sepia

AM Official Korb close Open Inte

Total delly turnover 28,068 lote

and red, covered with detritus spewed from long-dead volca noes. The mine is in a vicuna reserve and these animals, along with llamas and guanacos; roam freely just outside the fence put up to keep them from harm. The scene is dominated by two brooding, snow-capped volcances, Parinacotz and Pomerape.

According to Mr Orlando.

Oliveros, the general manager, Vilacollo offers the best pay in

the region. Even so, annual employee turnover is a startling 70 per cent. Even after the two-month adjustment period some suffer depression and feel they cannot stay on.
In spite of this employee turnover Choquelimple shifted 4.5m tonnes of material (2.163m tonnes of ore and the rest

waste) last year, twice the rated capacity of its plant. It produced 100,390 troy ounces of gold – to rank as Chile's third-largest gold mine – and 640,000 conces of silver. Profit after tax from this precious metal was US\$11.8m. Mr Patricio Palma, Choque

limpie's safety officer, says that altituda has a greater that most reportable accidents involve 22 to 24-year-olds. Most accidents occur between noon and four o'clock when lunch is

heing digested, leaving less oxygen for the brain and causing a drop in concentration. Next month the University of Santiago's cardiology depart-ment will start a study of Cho-quelimpla's employees, financed by Vilacolio and Shell giridet

All personnel at the mine will he checked 1,100 metres lower at Puire, and in Arica, e sea level town, in an attempt to identify any with heart prob-lems or others potentially at

Mr Palma said: We want to know more about how hearts and lungs function at high altiand inings function at high autitudes to prevent problems developing, possibly with the help of drugs. He said changes to the mine's working patterns might be called for.

The initial four-week study will be followed by annual fol-

low-up tests to see whether there are any long-term effects.
Mr Jan Akkerman, Choque-limple's chief geologist, is not deterred by what the research might produce, and is arranging a joint scientific-exploration wenture up the slopes of the nearby volcanoes which soar to 6,330 metres (20,699 ft), where there is even less oxy gen but where he reckons more mineral riches are waiting to

MARKET REPORT Nickel prices closed at the day's lows on the LME yesterdey on general liquidetion, although aporadic consumer Interest prevented substantial losses dealers said. Three-month nickel is testing support around \$8,300 a tonne end e breach of that would put prices on course towards \$7,775, some said. But the market is likely to be cautious about extending declines as labour talks at Canadian producer inco near a crucial stage, dealers added. The current labour contract there expires et the end of Mey, Coppar prices closed ahead, but off the day's highs. Dealers said copper mostly consolidated in routine trading, holding comfortably above

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ ar -
Dubai	\$16.10-6.20u	
Brent Blend (dated)	\$18.80-8.95	+0.16
Brent Blend (Jul)	\$19.55-0.60	
W.T.I. (1 pm est)	\$21.15-1,25u	+0.06
Oil producte (NWE prompt delivery per b	onne CIF)	+ ar -
Premium Gasoline	\$250-252	
Gas Oil	\$186-187	
Heavy Fuel Oil	369-71	
Naphtha	\$213-215	+\$
Petroleum Argus Estimatea		
Other		+ or -
Gold (per troy oz)	\$355.35	+0.05
Sliver (per troy oz)	402.5c	-2.50
Platinum (per troy oz)	\$388.25	
Pelledium (per troy oz)	\$94.10	-0.05
Aluminium (free market)	\$1295	-10
Copper (US Producer)	104c	
Lead (US Producer)	34c	
Nickel (free market)	388c	+2
Tin (Kuala Lumpur merket)		
Tin (New York)	267c	-1
Zinc (US Prime Western)	62c	
Cattle (five weight)†	112.91p	+0.10*
Sheep (dead weight)?		-17.10
Pigs (live weight)†	95.51p	-0.74
London daily sugar (rew)	5197,8g	-0.70
London daily sugar (white)		-3.00
Tatu and Lyle export price		+25
Barley (English feed)	£178.5	
Malzo (US No. 3 yellow) Wheat (US Dark Northern)	2100	
Rubber (Jun)♥		-0.25
Rubber (Jul)♥		-0.25
Rubber (KL RSS No 1 Jun)	226.5m	+1.0
Coconut oil (Philippines)§	Unq	
Paim Oil (Malaysian)5	Unq	
Copra (Philippines)§	Unq	
Soyabeans (US)	2159	+1
Cotton "A" Index	84.75¢	
Woollops (64s Super)	384p	-3

VLondon physical market, SCIF Rotterdan

\$2,200 e tonne end shrugging off news that the Polish coppe miners strike hed ended. LME warehouse atock figures are expected to rise some 4.000 tonnes todey. Aluminium prices fluctuated under the influence of the dollar, its early strength, coupled with the holiday in many European centres, dempened hopes of consumer buying interes developing. London cocoa edged ahead, eithough eome traders expected bigger gains because of unrest in Cameroon, in New York cotton futures hit new lifetime peaks before midday on continued wet weather and fears of delayed plantings.

Compiled from Reuters			
SUGAR - London POX			(5 per torme)
New	Close	Previoue	High/Low
Aug Oct Mar Aug	171,40 170.80 172,20 180.80	170.00 169.00 171.00	172.00 167.80 171.80 167.80 172.00 168.00 175.00
White	Close	Previous	High/Low
Aug Oct Dec Mar	279.0 248.5 244.5 247.0	277.0 247.5 244.0	260.0 275.0 249.7 245.6 242.5 241.6 245.8 242.5
	er: Rew 4	75 (214) lot	a of 50 tonnes.
CRUDA	COIL - 1	PE	\$/berrel
	1,ete	et Previo	us High/Low
Jul Aug Sep Oct	19.57 19.80 20.00 20.00	19.72	19.70 19.55 19.88 19.78 20.02 19.89 20.05 19.98

QAS OIL - IPE \$/tonne 180.00 178.50 176.50 174.50 177.90 176.50 179.00 176.50 182.25 181.00 184.00 182.50 185.00 183.00 180.75 180.50 179.00 179.00 173.25 177.75 179.80 182.00 183.75 184.50 101.00 120.75 2594 (85%2) lots of 100 tonnes

PE Index 19.40 19.07

There was an improved demand sithoug There was an improved demand atthough the brightest flouring test generally sold at easier rates, reports The Tea Brokers. Association, Mediums were well supported and cometimes gained 39 to 50. Central African base were irregular and prices were barely steedy. The few Caylons on offer met strong competition and were 49 to 59 dearer. Ottahors base sold well at firm rates. Customer quality. The new Min. medium. ns; quality 170p per kilo, me

Close Previous High/Low 699 304 616 606 644 633 679 670 710 702 733 726 753 750 580 013 640 678 707 730 752 Turnover: 2025 (3251) lots of 10 tonnes ICCO Indicator prices (SURs per tonne). Daily price for May 17 778.62 (779.57) 10 day average for May 20 791.70 (794.80) GOFFEE - Lenden FOX Com Close Previous High/Low 535 535 587 580 588 584 906 604 626 626 642 636 539 566 587 606 626 638 531 568 562 Turnover:1436 (4499) lobs of 6 tonnes ICO Indicator prices (US cents per pound) for May 17 : Gottp. daily 68.41 (68.26). 15 day severage 68.79 (68.19) POTATORS — Leader POX Chorus Close Previous High/Low 133.5 134.0 · 154.0 135.2 136.0 136.0 134.6 er 102 (90) lots of 40 torstes. SOYAMEAL - London POX 127.50 134.00 141.00 Turnover 70 (115) lots of 20 tonnes. Close Previous High/Low 1691 1595 1489 1580 1580 1680 Turnover 263 (448) GRANG - Leader PCX S/tonne Wheat Close Previous High/Low 138.90 136.50 137.60 137.25 111.45 111.25 114.40 114.25 117.70 117.70 Close Previous High/Low 121.50 121.00 107.90 107.85 111.50 111.40 111.50 Turnover: Wheel 95 (261), Barley 10 (12). Turnover lots of 100 tonnes. PIGS - London POX (Cash Settlement) p/kg Close Previous High/Low 120.5 117.0 120,3 112.4 104.4 Turnover:33 |17) lots of 3,250 kg MGM - London POX 139.74 138.97 140.60 140.80 140.60 141.20 141.20 141.20 141.80 141.50 141.60 141.80 142.90 141.60 142.60 142.60 142.60 143.00 143.50 143.60

LONDON METAL EXCHANGE (Prices supplied by Amelgamated Metal Trading) , 96.7% portly (5 per torne) Cash 1294-6 3 months 1325-6 1307-9 1336-7 1290/1290 Copper, Grade A (2 per tonne)
Cash 1305-6 12773 promine 1313-4 1296 1308/1303 1**322**/13**09** Lead (£ per tonne) cestr 321-5 months 335-6 338/335 Cash 8300-20 3 months 8350-80 The (\$ per some) de (5 per tonne Zinc, Special High Qr Cash 1087-8 months 1103-4 old (fine oz) \$ price 2 equivalent 355.20-355.50 363.60-354.20 ftx 363.80 n ftx 365.00 355.30-365.60 353.40-353.70 Loco Lde Me \$.16 5.10 (Prices supplied by Engelhard Metals) freisvlupe 3 5 price Krugerrand 855.00-855.00 207.25-207.75 Maple leat 364.00-865.00 212.50-215.00 New Sovereign 86.00-87.00 50.00-50.50 TRADED OFTIONS Alexandrium (98.7%) Calle Puts Strike price 5 tonne Jul Sep Jul Sep 118 143 3 43 72 27 5 29 91 CIL 121 132 62 01 25 45 25 等 128 58 100 168 01 45 Jul Sep Jul 65 24 5 JUS Sep Jul Sep 1 10 52 52 24 Jul Aug Jul Aug

WORLD COMMODITIES PRICES

Total daily turnover 25,309 lots 1305-6 1322-3 Total delly turnover 1,196 lots \$22.5-8.5 \$35.5-6.0 8325-6 8370-6 8275-300 10.906 lots 6,650 fots 6 months: 1,6777 **New York** GOLD 100 troy oz.: \$/troy oz. Close Previous High/Low 357.A 368.1 369.8 360.5 363.5 368.6 369.9 373.0 376.4 355.2 366.0 357.7 358.6 361.5 364.6 357.0 370.9 374.3 Jun Aug Out Dec Feb Apr Jun PLATINUM 50 proy or; 5/troy oz. Close Previous High/Low \$92.1 \$95.4 400.6 404.2 408.2 302.8 306.0 .400.5 405.0 392.7 397.0 401.2 404.8 408.8 SILVER 8,000 tray or; cents/tray oz. Previous High/Low 402.0 402.9 405.5 410.3 417.2 418.2 424.7 429.9 435.1 440.8 400.3 400.7 403.3 405.3 415.1 417.1 422.5 427.8 433.0 438.7 HIGH GRADE COPPER 25,000 lbs; cents/fbs 100,20 99.50 99.25 98.00 97.50 97.25 97.00 96.70 96.45 95.80 98.80 98.80 98.35 97.00 97.50 97.00 98.75 98.40 99.60 98.60 0 87.75 100.10 99.15 58.25 97,30 97.00 0

Chicago CRUDE OIL (Light) 42,000 US gatis \$/barrel SOYABEANS 5,000 by min; cents/6016 but High/Low HEATING OIL 42,000 US galls, conts/US galls SOYABEAN OIL 60,000 lbs; centerti us High/Low 19.55 19.71 19.86 20.06 20.22 20.55 20.73 21.02 5668 5735 5860 5968 6063 6178 6178 5073 5848 5830 5725 6866 5975 6060 6170 0170 6076 19.50 19.70 19.88 20.08 20.20 20.56 20.78 21.02 5755 5880 6060 6085 6700 6100 6075 5875 High/Low 171.2 173.1 178.8 174.5 175.1 177.4 178.0 180.5 171.5 178.3 174.0 175.0 175.8 177.9 179.0 169.1 171.3 172.5 173.6 174.4 176.5 177.7 170.5 172.6 173.5 174.5 175.3 177.2 178.0 180.5 Aug Sap Oct Dac Jan Mar 987 1025 1066 1108 1136 1163 1100 990 1017 1058 1100 1020 1059 1101 1130 1100 1186 MAIZE 5,000 by min; cents/56ib bush High/Low May Jul Sep Dec Mer May Jul 242/2 247/4 247/0 245/2 253/4 257/4 262/0 239/2 248/0 245/6 245/4 235/0 256/6 251/2 239/2 245/6 245/4 245/2 252/6 257/2 261/4 267/0 292/6 201/4 313/4 321/0 619/4 7.85 7.82 7.70 7.82 7.93 8.12 8.07 7.76 7.02 7.61 7.79 7.84 7.82 0 7.83 7.91 8.03 8.15 LIVE CATTLE 40,000 lbs; cents/lbs Glose Previous 94.05 82.85 76.90 76.65 76.80 77.10 92.30 81.00 73.95 74.85 75.65 75.63 94.25 83.00 75.95 78.65 77.05 74.37 72.30 74.30 74.37 74.40 76.30 73.96 75.40 73.47 75.27 75.77 75.95 76.76 74.25 Jun Aug Oct Dec Feb Apr Jun LIVE HOGS 30,000 lb; cents/ Class Previous High/Low 117.85 117.45 116.55 117.80 117.90 118.95 118.25 118.35 117.46 117.90 117.30 118.25 58,80 65,06 01,92 46,75 46,85 46,70 48,25 48,25 57.82 55.85 92.85 47.60 47.40 47.40 45.85 48.95 57.40 65.80 52.70 47.00 47.60 47.60 47.55 HOICES UTERS (Bees: September 18 1931 = 100) PORK BELLIES 40,000 (bs; canta/fb 1728.1 1717,0 1737.9 . 1905.8 Highliam DOW JONES (Base: Dep. 31 1974 = 100) 55.90 55.90 53.20 55.90 55.35 59,77 57,70 54,75 56,60 56,50 May 16 May 15 mnth ago yr ago

Shares edge forward in poor turnover

THERE WAS just about enough base rate optimism left yesterday to inspire a very modest gain in share prices. but the new equity account opened with one of the lowest daily trading volumes of the year. The day's batch of UK economic data indicated that recession still holds sway over the UK economy, a view from which Mr Norman Lamont, the chancellor of the exchequer, did not appear to dissent, although he stressed that government strategy was "broadly right" in terms of reducing inflation this year.

TIMES TOTAL MANY

ath awa

Investors were restrained by the uncertain political climate following the government's defeat last week in an important by election. A UK general election has now been virtually ruled out until the autumn, at the earliest, and the govern-

· · Accom	nt Dealing	Dates
"First Deafings: Apr 29	May 20	Jun 3
Option Declarat May 15	lona: May 30	Jun 13
Lest Dealings: May 17	May 31	Jun 14
Account Days May 25	Jun 10	Jun 24
"Now-time cleaf 6,30 pm (we be	nga may teke Mates Styl es	place from . riler-

ment is faring badly in the

public opinion polls. Speculative interest also faded as market specialists began to take a less ebullient view of Hanson's acquisition of a stake in ICL The City now believes that the potential reg-ulatory objections may well smother any full bid for Britain's blue chip chemical

company.

With most other European bourses closed for the Whitsun holiday, the international blue

chips were left to take their move that upset the stock mar-lead from Wall Street. move that upset the stock mar-ket last week. The trading session opened bleakly following publication of the April survey of the dis-tributive trades by the Confederation of British Industry and the Financial Times, which reported that any sustained recovery in the UK economy may still be some way off. The theme was taken up at midmorning by the announcement that retail sales fell by a provi-

rallied from an early fall which in part reflected downward adjustments to 16 shares in the FT-SE 100 list to allow for dividend payments.

A further half-point cut in base rates is still seen as virtually certain in the weeks ahead; it was merely over-opti-mism on the timing of such a

sional 3.5 per cent in April. But the stock market soo

Encouraged also by expecta-tions of a firm start to the new Wall Street session, borne out in fact by a gain of 12 Dow points in early trading, the London market achieved an advance of 13 Footsie points at best, although this still left it four points short of the 2,450

hurdle.

of lassitude and share prices could not hold on to even this modest improvement. By the close, the FT-SE Index was just below the day's best at 2,466.6 for a gain on the thinly-traded session of 12.7 points.
Seaq-recorded trading volume, which takes in both cus-

However, the mood was one

time, which takes in both cus-tomer and inter-dealer busi-ness in equities, fell to only 327.2m shares from Friday's level of 492.5m.

terday's Seaq total, which was one of the lowest this year for a normal trading day, indicated that investors were losing faith in the market's prospects for the second quarter of the year. Optimism for the year end remains high but few analysts expect much lifting of recessionary pressures in the UK before the third quarter of

Dealers commented that yes

LONDON STOCK EXCHANGE

The strategy team at County NatWest, commenting on a "surprising" fall in institu-tional liquidity from 8.2 per cent to 5.3 per cent over the first quarter of 1991, predicts that the stock market will face a total of £10bn in rights issues this year. Nikko Securities said that the Hanson/ICI develop-ments had failed to alter a "depressing short-term out-lock."

months later than usual, and that the desire to conform with

British Venture Capital Associ-

ation guidelines may cause a "significant reduction" in the

company's portfolio valuation,

denendent on the outcome of

USM-quoted Associated Nursing Services dropped to

78p before recovering to end 19 down on balance at 93p on

reports that a subsidiary com-

pany had been placed into

Other Market statistics,

including the FT-Actuaries share index and London Traded Options, Page 25

some of the transactions.

	May 20	May 17	May 10	May 15	May 14	Year Ago	High	low Low	Since Co High	mpliation Low	
Government Secs	84, 10	84.D4	84.24	84.20	64.33	79.23	85.88 (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.10 (3/1/75)	
Fixed Interest	93.36	93,51	93.58	93.57	93.01	87.45	94.84 (5/4)	90.59 (2/1)	105.4 (26/11/47)	50.53 (3/1/75)	
Ordinary Share®	1927.3	1926.2	1938.8	1926.2	1925.3	1810.8	2014.5 (5/4)	1606.3 (16/1)	2014.5 (5/4/91)	49.4 (26/6/40)	
Gold Mines	158.4	155.8	156.5	153.8	144.5	312.6	179.7 14/1)	127.0 (22/2)	734.7 (15/2/83)	43.5 (28/10/71)	_
FY-SE 100 Share	2466.S	2453.9	2471.9	2459.4	2463.7	2282.1	2545.3 (5/4)	2054.8 (16/1)	2545.3 (5/4/91)	985.S (23/7/84)	
FT-SE Eurotrack 200	1154.43‡	1151.02	1151.25	1145.26	1154.15	-	1176.39 (15/4)	835.62 (16/1)	1176.39 (15/4/91)	938 62 (16/1/91)	
Cord. Div. Yield Earning Yid %(full) PPE Ratio(Net)(*)	4.95 8.69 14.22	4.96 8.71 14.19	4.94 8.66 14.27	4.96 8.77 14.00	4.98 8.80 14.03	5.08 11.43 10.58	17735, 800	mines 12/9/5	0/26, Pend loc. 1 5. Basin 1000 F1 /10/90. & MI 13	I-SE 100 31M	
SEAO Bargns 4.45pm Equity Turnover(2m)† Equity Bargains† Shares Traded (ml)†	24,575	32,707 869.00 32,394 409.7	30,159 1266.22 29,932 434.0	26,129 850,81 26,076 375.4	26,463 1082,10 26,279 439,3	25,555 849,99 26,295 371.5	Indic	es*	May		
Ordinary Share Index,				ligh N/A	_ —	Low 1010.0	Barg	Edged gains	102	.9 95.4	1
	am 11 . 24.1 192		9.2 192		m 3 pr 5.4 1920	m 4 pm 12 1926.4		ay aver	age 101	.2 96.6	;
	am 59.2 246	2.8 246 nges:	4.6 246 Dey's	m 2 p	m 3 pr 2.9 2456		busi Lon late	ness & (ntra-morke Overseas port and re indax	turnover. d	
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FINANCIAL TIMES STOCK INDICES

Dividend hopes lift BT

DEALERS reported persistent and strong support for BT (for-merly British Telecom) ahead of Thursday's fourth-quarter figures. The shares closed 6 higher at 358p with turnover reaching 4m, slightly above usual levels in the stock.

The majority of analysts expect the group to achieve pre-tax profits of £3.05bn for the year, against £2.690n last time. The market's range for this year's figures is from £3bn to £3.1bm. The general consensus is that the dividend total will rise from 11.8p to 13.2p. One school of thought believes BT may hint at a more generous dividend policy on Thursday. One specialist believes there is acope for BT to raise the dividend by 20 per cent per annum for five years. it was also pointed out that the government will make sure there is a strong appetite for the remaining 49 per cent of BT, scheduled to be sold later this year. Mr Chris Tucker, electronics analyst at Carr Kitcat & Aitken, said hs was looking for a further slowing in

telephone call volume growth

because of the recession, but that this would be more than

offset by stringent cost con-trols which could involve staff cuts of around 15,900.

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Jan Brown Control of August 1975 on August 1975 on August 1975

Chicago

British Steel talk

rights issue in order to reduce gearing. However, there was also speculation of a major split among top B3 managers over its dividend policy. The suggestion in the market was that those favouring maintaining the dividend had gained the turner heard at heard level the upper hand at board level.

MGN at discount

Mirror Group Newspapers (MGN) ended its second day of trading below the flotation price of 125p amid signs of sell-ing by smaller investors. Overseas ebareholders – estimated to own around 60 per cent of the company - were also sellers, but a two-way pull developed as snpport emerged from US investment bouses and a handful of UK institutions

The smaller investors sold on disappointment that MGN had not held at a premium to the flotation price. "With no immediate profits on offer,

many have decided to cut their losses and get out now," one analyst commented. MGN fin-lehed 2 easier at 123%p on turnover of 14m.

Courtaulds falls investors continued to heed

investors continued to need advice given a week or so ago and realised profits in Court-aulds ahead of Thursday's preliminary results. Smith New Court at that time urged caution, believing the dual effect of recession, and adverse. of recession and adverse exchange movements had left their mark on the industrial materials group.
"These pressures

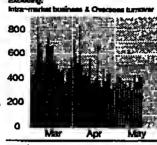
unlikely to ease until well into the second half of Courtaulds' current year," said Smith, which advised clients to "topslice" (meaning take profits made through this year's good run in the eteck). It closed down 11 more at 384p after rel-atively thin trade yesterday. The market expects the group to report profits of £175m to £180m, compared with £168.1m last time.
Oil shares were among the

market's most impressive performers, with a number of broking firms taking the view that the sector had been over-sold in recent weeks, having retreated from a relative of 220 down to 196. County NatWest expects the

relative to recover to around 210 if the crude oil market tightens due to the absence of Iraqi and Kuwaiti oil exports. County said it would be safer to play a rise in the sector through Shell and Enterprise rather than through BP. The County stance, equiled with a British Steel talk number of positive noises on British Steel closed the stock from other brokers, unchanged at 128p against a boosted Shell by 11 to 514p on rising market amid talk of a good turnover of 4m. BP, rights issue in order to reduce quoted ex the dividend, managed a 3 rise at 321p, on 5.2m. Enterprise, responding to a buy recommendation from its brokers, hardened 2 to 515p on heavy turnover of 2.5m; a big stock overliang, said to have developed after the joint ven-ture deal with Elf was put in

FT-A All-Share Index

Equity Shares Traded Turnover by volume (million)



place, was said to have been largely eliminated. British Gas gava another strong performance, closing 4 ahead at 244 %p on 4.1m shares, with a number of brokers high-lighting the 4.25 per cent on the final dividend alone. Gas'e figures are due on May 30. ICI turned back 14 to 1233p awaiting any further develop-ments in the Hanson situation.

A negative reassessment by Smith New Court of prospects for the chemical industry led to profits downgradings across the board. Few companies escaped Smith's revisions, which followed a series of gloomy statements on first-quarter trading. Most of these were made at recent annual meetings. April was also said Laporte, the sector favourite outside the leading groups, was affected more than any other and ended 8 off at 562p. Smith cut its forecast of current year profits to £12m, from £120m, but added that the stock should be bought on weakness.

City of Ordon's Zero Pri., Derby too, Park Pro., Gertmore Anner. Sec. Zero Pri., Lette Anner., Mesteo Pel., Pilver & Mero., Extra Inc., Wirms., Yor Inc., Turkey Tol., Wirms., Gall. (1) Chamber, I Tol., Turkey Tol., Wirms., Gall. (2) Chamber, I Tol., Turkey Tol., Wirms., Gall. (2) Chamber, Letter, Gall. (2) Chamber, Chold Fields S.A., Neven Res., Mortham Prit., Sect. Lower Cores (2), Ballett, Pag. (3) (2), Exc. (4), Ext. (4), Ext. (5), Ext. (5), Ext. (6), Ext. (6), Ext. (6), Ext. (7), Ext. (7), Ext. (8), Ext. (8), Ext. (9), Ext. (9

Hickson International, 185p, and Brent Chemicals, 147p, showed only minor losses.
Simon Engineering recorded trading volume heavier than usual of 3.3m shares as the hid for Robertson Group went unconditional. Some Robertson

bolders have elected to take the alternative cash offer and the unwanted rump of the new shares issued to finance the deal was placed at 327p a share. Simon shares ended a penny harder at 334p. ASW Holdings, the Welsh steel and wire group, tumbled 12 to 243p after Smith New Court said prospects for the steel industry were decidedly

gloomy and tagged the stock a sell. The securities house reduced its profits estimate for the current year to £28m from £35m, but expected the dividend to be maintained. Wire rope maker Bridon was similarly downgraded. Smith now forecasts 1991 profits of £5.5m, previously £7.2m, and believes the dividend rate will

be held, although the distribu-tion would not be covered. The shares closed 9 down at 136p. William Cook was one of few steel-related stocks to resist the downturn. Favourable comment ahead of the annual results, due to be announced today, lifted shares of the UK steel castings group to 283p before a close of only 3 up on the control of 277. Applications balance at 27/p. Analysts are looking for profits of around £12m, compared with £9.5m

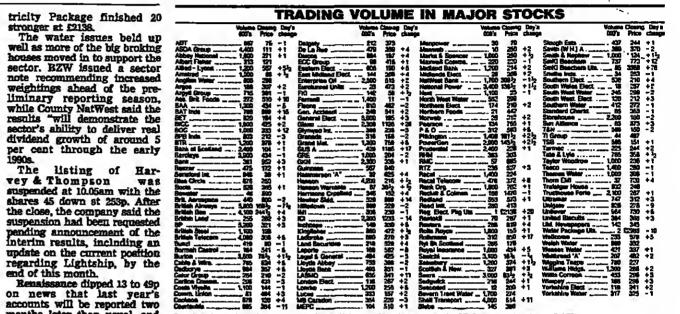
last year. Associated British Foods rose 10 to 510p following stronger than expected 12-months' results. Profits of £317.4m compared with £283.8m last time and analysts' forecasts of around £320m. Estimates of around £340m for the new accounting year to September financial year has been extended by six months to give a year's end in September. Weaker UK milling and baking led to worries over Ranks Hovis McDongall, which reports on Thursday. RHM closed unaltered at 303p. Brent Walker shares crept

up to 34p before settling a net 3 higher at 32p with turnover in the stock reaching 930,000

shares. News that the two Scottish electricity generators will be sold at yields of between 5.8 per cent and 4.5 per cent was interpreted by the market as extremely bullish for the other electricity stocks.

electricity stocks.

PowerGen moved up 2% to
143%p on 2.9m shares and
National Power edged ahead to
136%p on 3.4m. Best performers in the regional electricity
shares included Eastern, 5
higher at 190p, while East Midlands, 205p, and Southern,
210p, were up 4 each. The Elec-



EQUITY FUTURES AND OPTIONS TRADING

THE derivatives markets were thinly traded as inmover in their underlying securities slackened. The closure of some European centres and an absence of major market-mov-ing news also led to a dearth of institutional interest.
For much of the session the

equity futures exerted little influence over the stock mar-ket. Instead, the June FT-SE 100 index contract traded at or just below fair value - the pre-mium brokers' calculate is

cessary to reflect future dividend payments and the cost of

At one stage, June briefly traded down to the spot index. It quickly recovered and by the close it was at 2,478, up 17 points on the day. The closing premium stood at 11 points against a fair value premium of around 9. World options markets are

sluggish with turnover down by over a third on Friday's levels. Among the FT-SR index options, the July 2,206 pnts were the most active. Stock options were also quiet. ICI was the busiest as also indicating little immedi speculation about the Hanson ate movement in global equi-ties. Implied volatility, a meastake continued to generate

FOREIGN BONDS & RAILS

sure used by options traders of the likelihood of movement in

shares, has declined in many

world options markets.
UK traded options remained

LONDON SHARE SERVICE

BRITISH FUNDS BRITISH FUNDS—Contd INT. BANK AND O'SEAS Price + ar Yietd **CORPORATION LOANS** Over Fifteen Years **AFRICAN LOANS** Undated 901 8432 Stn Rhod. 87-92 Asstd.... | 901...... - -LOANS (1) (2) **Building Societies** Five to Fifteen Years 1041₂ 1022₂ Frede Augus 35_{pc} (a 2021 1034 106 4 4 4 4 4 7 4 97

APPOINTMENTS

NEW HIGHS AND LOWS FOR 1991

Daiwa makes changes

is to return to Tokyo as head of Daiwa's investment trust division. A managing director of the holding company, Daiwa Securities Co, he will also assume responsibility for the new products division in Tokyo. He is to be replaced in London by Mr Katsuhiko Fujimoto, who assumes responsibility as executive area manager of Europe and the Middle East region, chairman of Daiwa Europe, chairman of Daiwa Europe NV, and chairman of Daiwa Middle East, He is managing director, international division, Daiwa Securities Co.

■ HERITAGE, housewares importer, has appointed Mr George Raynor as group finance director. He takes over from Mr Mark Merrill, and will be based in London. Mr Raynor has been finance. director of GTE Rotaflex, and of Powerson Holdings.

Fidelity Institutional Asset Management, a new division of FIDELITY INTERNATIONAL, has appointed Mr Alan Ainsworth as chief executive officer; Mr Bruce Johnstone as chief investment officer, and Mr

Graham Nutter as chairman. Mr Michael Wrobel will head Fidelity Pensions Management as managing director. He was joint managing director.

MENN HORSES (73),
MINTERN FURDES (2) Tream: 10pc Cerv. 1981.
Tream: 2pc B. 1982, MT, SAME, AMD CYMPAS
GOVT. STLE, 1988NES (1) DM, Mexicon Sts.
10.0pc 2008, AMERICANS (4) DM, Mexicon Sts.
10.0pc 1008, AMERICANS (4) DM, Mexicon Sts.
10.0pc 1008, AMERICANS (4) DM Debrishmenguest, CPC, FPL. General Heat, SAMES
SO Del tot, Espirito Santo, 1982, AMERICANS
(5) Del tot, Espirito Santo, 1982, AMERICANS
(5) Espiritorio C. C. ELETTECALS
(5) Admiral, Silet, Common Printing, Druck,
Korell Sys., SDUSTERALS
(18) Amberley,
Amer. Sos. Sys. Bostnore, CSR, Channel
Express. China Light, Copymore, Cowen
de Groot, ElS, Sectrolax, Habmocell, Herris
(7h), Heys, Hulchison Whampos, Novo
Nordisk S, Caudiert, Sanders & Sidney,
Serco, Sarier Pacific A, Westinskez (2) CH,
MEREDANES (2) SA Serval. SASOL.
TRANSPORT (7) Tibbet & British, PROFERTY
(1) HK Land, SMCC (1) FI, SOUTH
APPELCANE (2) SA Serval. SASOL.
TRANSPORT (7) Tibbet & British, PROFERTY
(1) Aberlorth Smitr. Cox., Archimedes inc.,

spointed finance director of the Wedgwood division of WATERFORD WEDGWOOD. She joined the group in 1969. Mr Peter Brown has been promoted to finance director of the company'e Johnson Brothers division. He was financial controller.



Dr Dickson Mabon (pictured), former MP and Minister of State for Energy, has been appointed deputy chairman of CAIRN ENERGY. He has been on the board since 1982. He is also a director of East Midlands Electricity Generation.

Mr David Leggett has been appointed sales and marketing director of LEVER INDUSTRIAL, High Wycombe.

 JAMES CHANDLER (LEWES) has appointed Mr Tim Chessells as non-executive chairman. He is chairman of the North East Thames Regional Hospital Authority, Ms Gill Saunders has been and a director of three

■ HAMPSON INDUSTRIES has promoted Mr J.R. Welch to company secretary. He succeeds Mr S.J. Hardle who is being promoted to finance director of one of the group's northern subsidiaries.

Mr Nick Roberts has been appointed associate director of CHRISTIE & CO. He is in the corporate and acquisition division, responsible for brewery and corporate pub disposals in the south of England

Mr Alastair Dacre Lacy, a

director of Turriff Corporation, and chairman and managing director of Technicare International, has been appointed a director of the LONDON CHAMBER OF COMMERCE AND INDUSTRY. Mr Rohin Booth, who joined the Chamber last July as general manager (finance and administration) and company secretary, has also been appointed a director. Before he joined he was group secretary of Rea Brothers and a director of Stocklake Holdings, an international trading company closely associated with the bank.

Mr. H.A. Vice, a non-executive director, has been appointed deputy

chairman of BOWTHORPE HOLDINGS. He succeeds Mr. E.B.M. Grubb who has retired.

Societe Generale senior moves



Mr Gerard Freiszmuth-Lagnier (pictured) has been appointed managing director of SOCIETE GENERALE MERCHANT BANK in London. He was head of international equities in Societe Generale's capital mar-kets division, and succeeds Mr Phillipe Collas who returns to Paris to become director of the group's human resources divi-

■ DAVIES ARNOLD COOPER, City solicitors, has appointed Mr Andrew Priest as financial director. He was finance director of National Opinion Polls, which was recently acquired by MAL

New Zealand Forest Products Finance N.V. 15%% Courseleed Bonds Dec 1991

The Rate of Exchange, as defined in Condition 5(b) of the above described Bonds, applicable to the Coupons due May 15, 1991 from those Bonds is U.S. \$0.5892 for each N.Z. Dollar. Each Coupon in the amount of N.Z. \$158.75 will be paid U.S. \$93.54.

MORCAN GUARANTY TRUST COMPANY Dated: May 21, 1991

NISSHIN INTERNATIONAL FINANCE (NETHERLANDS) B.V. U.S. \$10,000,000 Floating Rate Notes 1991 21st May, 1991 to 21st November, 8.95% per socium Interest Period

Interest Rate B.55% per annu-interest Psyment dise 21st November, 1951 per U.S. \$100,000 Note U.S. \$3,552.22 Nippon Credit International Limited London Agent Bank 21st May, 1921



52, rue de l'Industrie - B-1040 Bruxelles VAT N° 403.079.441 - R.C. Bruxelles n° 227.957

Dividend Notice

At the Annual General Meeting held on May 13, 1991, the Shareholders approved a dividend payment of BF 561 (or BF 421 net after deduction of withholding tax) in respect of 22,015,057 shares outstanding at December 31, 1990, coupons N° 6 to 30 still attached. For the 125,000 AFV shares, coupons N° 6 to 30 still attached, the dividand amounts to BF 449 net after deduction of withholding lax.

The dividend will be payable as from May 23, 1991 against coupon Nº 6 at: Banque Bruxelles Lambert Générale de Banque Kredietbank Banque Paribas Belgique
Banque Nationale de Paris Crédit du Nord
Banque Internationale à Luxembourg Banque Générale du Luxembourg
Algemene Bank Nedsrland Amsterdam-Rotterdam Bank
Commerzbank Deutsche Bank Orescher Bank
Crédit Suisse Swiss Bank Corporation Union Bank of Switzerland
Credito Italiano Barclays Bank (166 Fenchurch Street, London)
as well as at the Company's registered office in Brussels.



FUTURES AND FOREIGN EXCHANGE 24 HOUR COVERAGE

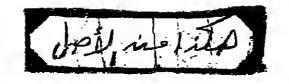
CAL Foruses Ltd Windsor House 50 Victoria Street London SWIH ONW Tel: 071-799 2233 Fax: 071-799 1321

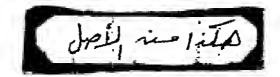


LONDON SHARE SERVICE

states State Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help deak on UTI-925-2128

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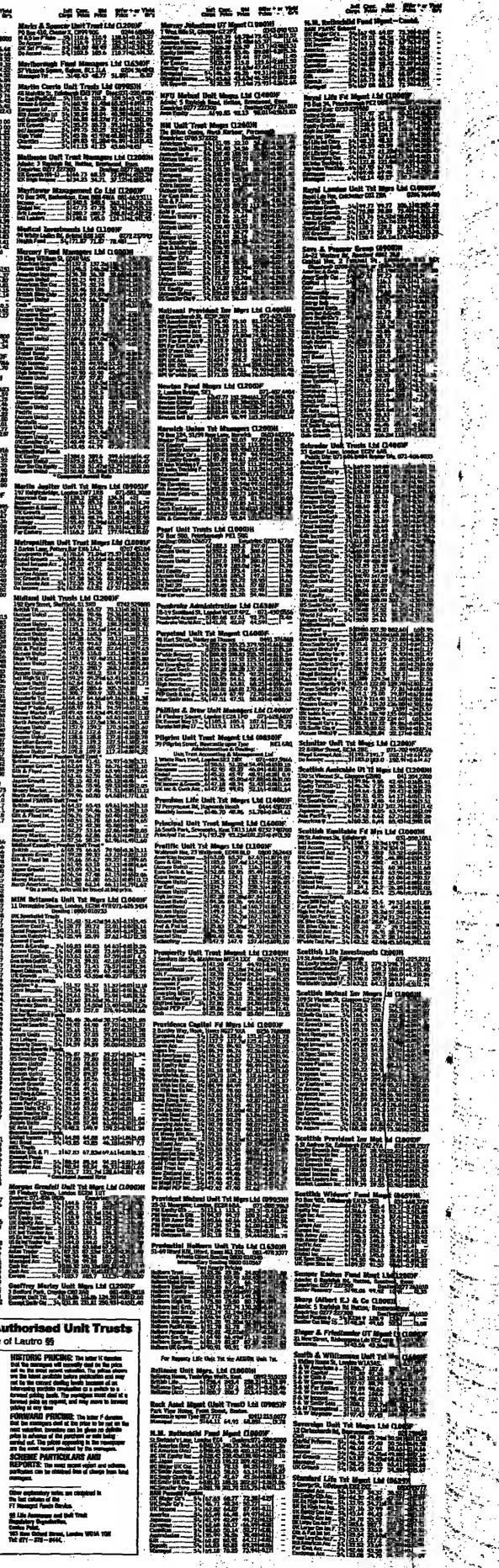




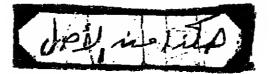
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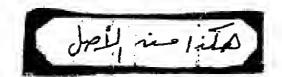
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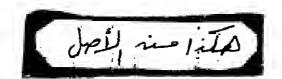
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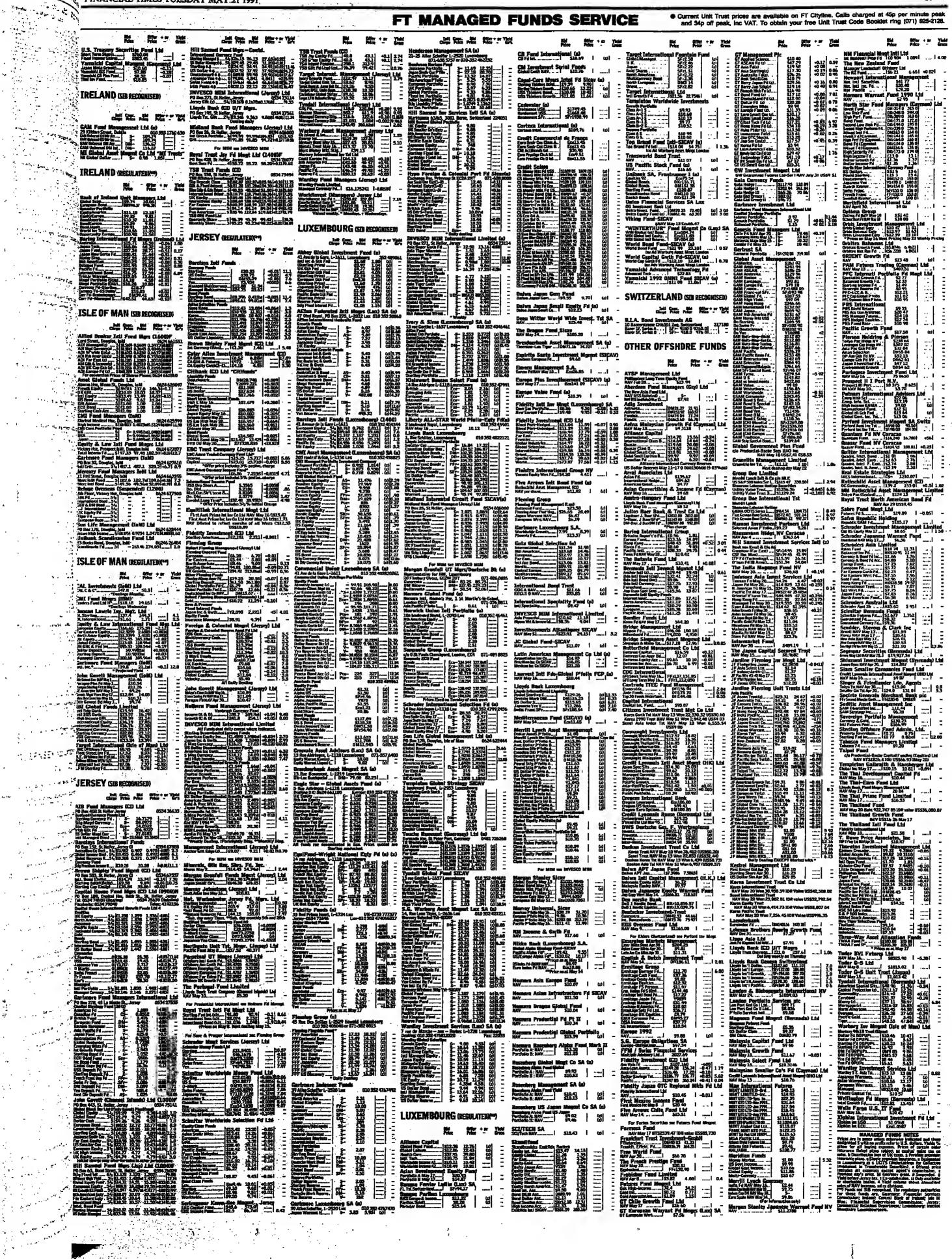
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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar down in thin trading

THE DOLLAR lost ground in thin trading, with many Euro-pean centrea closed for the Whitsun holiday. Lack of fresh economic news left the dollar to drift lower in a corrective reaction to Friday's upward

The US Federal Reserve and the German Bundesbank were reported to have sold dollars last Friday in New York, as the currency rose sharply to a high of around DM1.76, on the delinkage of the Swedish krona from a basket of currencies in which the dollar had a 21 per cent weighting.

Interest rate differentials had favoured the krona against the dollar in this basket, encouraging operators to borrow the US currency and lend krona. This created short dol-lar positions, which had to be covered on Friday as a result of Sweden'a decision to link

the krona to the Ecu. The levels touched in New York on Friday suggested that this process was overdone how-ever, leading to yesterday's

But dealers in Tokyo were not convinced that the attua-tion would be unravelled without a further rise in the dol-lar's value. In the Far East it finiahed at DM1.7560 and Y138.95, amid speculation that squaring of positions involving an Ecu linked currency would

May.20	Latest	Γ,	revious Clase
E Spot	1.7185-1.719 0.91-0.89µ 2.32-2.29µ 6.95-0.85µ	0.89pm 0.88-0.86p 2.29pm 2.35-2.32p	
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	index	CDANGES 7
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and Ar	6.3185 - 6.3765	3 7490 - 3.7510
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A/(Ft)	5 6175 · 5 7110 46.75 · 46.85	3.2785 - 3.3330 27.30 - 27.35
	70./3 - 70.03	36720 - 3,6740

hit the D-Mark, because of the high level of liquidity in the

German unit. Japanese traders estimated that this could lead to extra demand of around \$10-20bn for the dollar.

In quiet trading the US currency fell to DM1.7280 from DM1.7360 at the London close. It also declined to Y138.20 from Y138.45; to FFF5.8625 from FFr5.8700; and to SFr1.4580 from SFr1.4670. The dollar's index rose to 66.4 for 66.3. The D-Mark finished little

changed against the Japanese yen, after suffering some weak-ness in Tokyo cross trading as traders hedged short dollar positions against European currencies. It closed in London at Y79.95 compared with Y79.75 on Friday, improving from the level of around Y79.00 at the Tokyo close.

There was some speculation that the Bank of Japan may soon cut its discount rate hut

yesterday's action by the cen-tral bank, draining liquidity from the Tokyo money market gave no encouragement to this The closure of many Euro-

pean centres left foreign exchange trading thin and volatile. There were no official fig-ures on the European exchange rate mechanism from the European Commission, but unofficial data pointed to a strengthening of currencies where the main trading centre was closed. Milan and London were open, and the lira and sterling fell from second and third strongest in the ERM, to be relaced by the Belgian franc and Danish krone.

In London sterling rose % cent to \$1.7190, hat fell to DM2.9700 from DM2.9800; to SFr2.5075 from SFr2.5175; and to Y237.50 from Y237.75, hut rose to FFr10.0775 from FFr10.0750. The pound's index

	Ecu Central Rates	Currency Ampiers Against, Ecu May 17 Central Currency Rate Currency Currency		% Spread vs Weakest Currency	Ohergent Indicator
Spanish Peseta	133.631 1538.24 0.696904 42.4032 2.31643 2.05506 0.767417 7.84195 6.89509	127 438 1532.60 0.694351 42 3300 2.31832 2.05776 0.768668 7.86263 0.98081	-4.63 -0.37 -0.37 -0.17 -0.08 -0.09 -0.16 -0.26 -1.24	6.16 1.62 1.62 1.42 1.16 1.15 1.08 0.98	젊겠수얼마누구박목

May 20	Day's spread	Clase	One month	% 84	Tirre months	92
is	1,6915 - 1,7220 1,9455 - 1,9815 3,3390 - 3,3540	1.7185 - 1.7195 1.9765 - 1.9775 3.3400 - 3.3500	0.91-0.89cpm 0.54-0.44cpm 3-1-cpm	6.28 297 291	2.32-2.29pm 1.29-1.15pm 2-13-pm	2
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ermany	257.90 - 260.60	1.1075 - 1.1085 2.9675 - 2.9725 259.60 - 260.60	0.20-0.15epts 1-1.275ept 61-33cpm	ュ	0.50-0.40ym 13-14pm 26-28pm	L
ملجه الرابي المرابي	111,5340 - 11,5870	183.46 · 183.75 2203.75 · 2204.75 11.5375 · 11.5475	20-25cds 1 % - 3 ffrepu 2 % - 1 2 orepu	-1.47 0.54 2.01	77-83d)s 24-5pm 5-4pm	-1
rance	10.0990 - 10.1020 10.6270 - 10.6900 234.65 - 238.00	10.0725 - 10.0625 10.6775 - 10.6875 237.00 - 238.00	25-24cpm 14-4cocpm 3-4 mm	0.84	1500-5000 25-2500	012837
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	EXCHANGE CROSS RATES												
May_20	2	\$	аж	Yen	F Fr.	S Fr.	H Fl.	Lira	cs	8 Fr.	ECU		
٤	1	1.719	2,970	237.5	10.08	2.508	3.345	2204	1.977	61.10	1.40		
\$	0.582	1	1,728	138,2	5.864	1.459	1.946	1282	1.150	35.54	0.839		
OM	0.337	0.579	1	79.97	3.394	0.844	1.126	7421	0.666	20.57	0.486		
YEN	4.211	7.238	12.51	1000.	42.44	10.56	14.08	9280	8.324	257.3	6.075		
F Fr.	0.992	1.705	2.946	235.6	10.	2.488	3.318	2187	1.961	60.62	1.432		
S Fr.	0.399	0.685	1.184	94.70	4.019	1	1.334	878.5	0.788	24.36	0.575		
HFI.	0.299	0.514	0.888	71.00	3.013	0.750	1	658.9	0.591	18.27	0.433		
Lira	0.454	0.780	1.348	107.8	4.574	1.138	1.518	1000.	0.897	27.72	0.655		
CS	0.506	0.869	1.502	120.1	5.099	1.269	1.692	1115	1	30.91	0.730		
@ Fr.	1.637	2.813	4.861	388.7	16.50	4.105	5.475	3607	3.236	100.	2.362		
ECU	0.693	1.191	2.058	164.6	6.985	1.738	2.318	1527	1.370	42.34	1		

Yes per 1,000: Fresch Fr. per 10: Lira per 1,000: Beiglan Fr. per 100.

LIFFE LINE CELT FUTURES OFTIMES ESO, 800 64ths of 189%

# # 7 B9 01 23 4	Jun 3-40 2-41 1-42 0-69 0-12 0-02 0-01	412 3-25 2-41 2-43 1-34 1-04 0-49 0-34	Pats-50 198 0-01 0-02 0-03 0-03 1-26 2-25 3-24	Sep 0-24 0-37 0-55 1-45 1-46 2-18 2-61	Strice Friez 91 92 93 94 95 97 98	559 419 335 241 241 141 141 141 141 141 141 141 141	0 cc 4.11 3.34 2.60 3.27 1.42 1.77 1.16 9.42	Patrick Sep 0-37 0-53 1-59 1-59 1-59 1-59 1-59 1-59 1-59 1-59	1-11 1-24 1-40 2-27 2-42 3-37 4-16 4-62	Sur Bar Price 8350 8450 8450 8450 8350 8350 8450 8450	
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2000	0.96 0.71 0.47 0.23	Sep 114 0.90 0.68 0.46	Puts-se Jan 0 0 0,01 0.02	8.01 0.02 0.05 0.06	Strike Price 9300 9325 9350 9375	0.89 0.64 0.40 0.16	0.70 0.48 0.29	- 00 - 00 - 00 - 00 - 00 - 00 - 00 - 00	Sep 0.03 0.06 0.12 0.23	Strike Price 8775 8800 8825 8850	. 000

Previous d	MA, tober par	C416 2576	4 PMs 2012	1
LOND	ON (LIF	FE)		
29-YEAR	9% NOTTO	AL CET		
Jes Sep	90-20 90-26	10gb 90-24 90-26	90-11 90-17	90-1
Estimate Previous	d rolene 112 day's open in	21 (2540) L 33496 (n 33635	
US TREE	SURY COME 32mb of 1	5 5% R%		
Jun Sep	95-16 91-23	High 95-17 94-18	93-10 94-18	43
Estimate Previous	day's open in	C3400 L 7133 (7	en.	
4% NUT	MAL SEM M 188th of	AN GEVT.	2010	
žos.	55.36	85.63	E5.27	957

Estimated science 7600 (41226) Previous day's open int. 87663 (87814) 95 87 96 20

99.87 99.87 Estimated volume 332 (347) Previous day's open int., 3624 (3676)

Est. Vol. Onc. Nys. ant shows) 20069 6540759 Previous day's open tot. 125336 (125671)

(lec. figs, not shown) 2376 (1859) Sun's count let., 36885 (37491)

Estimated volume 5327 (22284) Previous day's open let. 117251 (115300)

FT-SE 180 DEDEX S25 per full lades point

MONEY MARKETS

London rates ease

WEAK UK retail sales encouraged an easing of whole-sale interest rates in London yesterday. April sales fell 3.5 per cent, after rising 3.6 per cent in March. A decline was expected, hut the figure was weaker than forecasts of

around 2.8 per cent. Three-month sterling interbank fell to 11%-11% from 11%-11% per cent, whila 12-month money was unchanged 11%-

11% per cent.
Short sterling futures rose to the day's high on Liffe after the retail sales news,

UK clearing bank base lending rate 12 per cent from April 12, 1991.

finishing on a firm note. June delivery opened firm at 88.71 and touched a peak of 88.78, before closing at 88.72 compared with 88.65 previously.

Overnight interbank was firm at around 12 1/2 per cent as credit remained in short supply on the London money market. The Bank of England initially forecast a shortage of £800m, but revised this to £750m at noon and to £700m in the afternoon. Total assistance

of £629m was provided. An early round of help was offered and at that time the authorities bought £150m bank bills outright in band 1 at 11% per cent.
Before lunch another £203m bank bills were purchased in band 1 at 11% per cent. In the afternoon £201m bills were hought, by way of £19m Treasury hills in band 1 at 11% per cent and £182m bank hills in band 1 at 11% per cent. Late assistance of around £75m was also provided.

Bills maturing in official handa, repayment of late assistance and a take-up of Treasury bills drained £1,016m, with exchequer transactions absorbing £400m and bank balances helow target £5m. These outweighed a fall in the note circulation adding £610m

to liquidity.
In Stockholm interest rates fell aharply on the first day of trading since Sweden liked the krona to the European currency unit, taking it out of a hasket dominated by the dollar.

Six-month Treasury hills declined to 11.35 from 11.97 per cent and 10-year government bonds fell to 10.45 from 10.95 per cent. Financial markets in Stockholm were officially closed for the Whitsun holiday, hut the Swedish Central Bank opened its dealing room to smooth moves towards a more

European linked currency. According to dealers linking the krona to the Ecu has effectively ruled out a devaluation, encouraging yesterday's downward move in

FT LONDON INTERBANK FIXING (17.00 a.m. May 20) 3 months US dollars O mostle US Dollars The fixing rates are the arithmetic moins rounded to the nument one-fixing this hid and offered rates for \$10 m quotes to the market by five reference blacks at \$1.000 a.m. each working day. The backs are Rational Westmander Bank, Bank of Yorky, Ownstoke Bank, Bank of Yorky of Yorky of the Peris and the Peris and therease Engineer 7 rout.

MONEY RATES NEW YORK Treasury Bills and Bonds

(Lunchtime) Prime rate	75	One month Two recreit Three month Siz scorth One year Turo year		5.32 For 5.58 Five 5.83 Seven 6.14 10-m		7.37 7.74 7.97	
Hay 20	Oversight.	Çaç Mantin	Two Months	Tirrer Months	Str Months	Instant	
Frankfurt	8.60-8.70 91-92 71-84 8.88-9.00	8.75-8.90 9.94 73-84 8.97-9.05	5.85-9.00 9.91	8.90-9.05 9.71 8-61 9.00-9.05	9,00-9.15 94-94	9.00 9.25	
Tokyo	105-11	74-84 113-114 88-84 105-104	101-10E	115-114 94-94 104-105	104-104	:	

May 20	Overnight	7 days notice	Month	Months	Six Months	One Year
erbank Offer	131, 111 ₂ 121,	12 kg	114	11%	Ht Ht	114
terbank ald	11.5	124	114	11.5	114	115
erling CDs	l . . l		11#	鳵	116	115
cal Anthority Deps	124	124	11 []	11.4	11.4	114
cal Authority Bonds	123	125	111	111.	_	-
ngany Deposits	12.5		114 12 114	117	17.2	11.2
nance House Deposits			116	119	₩¢	112
easury Sills (Buy)		-	112	444	163	
nk allis (Bery)	_	_	115	114	103	_
e Trade Sills (Buy)	i	=				_
lar CDs	-	_	5.92	5.97	6.12	6.55
R Linked Dep. Offer .	- 1	-	714 75	711	712	712
R Linked Dec. Bld	- 1	-	73	78	713	711
U Linked Dec. Offer	i - I	-	94	9,5	9.4	912
at Lisked Dep. Bid	- 1	-	9%	5.97 777 7994 994	795 715 994	777

Treasury Sills (sell); one-month 113, per cent; three months 10% per cent; six months 10% per cent; Bank Silks (sell); one-month 113, per cent; three months 11% per cent; Treasury Silks; Average tender rate of discount 10.8427 p.c. ECGO Fixed Rate Starling Export Finance. Make up day April 30, 1991. Agreed rates for period May 25, 1991 to June 25, 1991, Scheme II 3. June 113, 32 p.c. Reference rate for period Maych 29, 1991 to April 30, 1991. Scheme IV&V: 12 024 p.c. Local Authority and Finance Hoeses seven day; notice, others even days finate Finance Houses Base Rate 12½ from Maych. 1991: Bank Deposit Sales for sums at seven days notice 4 per cent. Certificates of Tax Deposit Geries 6); Deposit £100,000 and overheld under one month 8½ per cent; one-twice months 11 per cent; three-disk months 10% per cent; oline-turelve months 9½ per cent; Under £100,000 8½ per cent from April 15,1991. Deposits withdrawn for cash 5 per cent.

FIN	ANC	AL	FU	TURI	ES A	4D	OPT	ION	S					
LIFFE L	唯 GLT FL 64站 計 18	TURES	OFTHOUS		LIFFE U	THEASU	TOP'S	FETULES	OPTERMS	LEFFE B	per Furt	RES 0978	105	
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Estimated volume total, Calls 299 Plots 1299 Previous day's open for, Calls 26068 Pors 20722		1299 20722	Estimates Previous o	milume i	otal, Calls of Calls 57	Pers 75		Prefix o	r volume t by's open i	et, Calls 10	11114 Pers 5170 Pers	2055 115684		
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Strikt Prict 9000 9025 9050	(196 0.96 0.71 0.47	Sep 114 0.90 0.68	Pots-se Jan 0 0 0,01	Sep 8.01 0.02 0.05	Strike Micr 9300 9325 9350	0.89 0.64 0.40	5co 0.70 0.48 0.29	0 0	Sep 0.03 0.06 0.12	Strike Mee 8775 8900 8825	Calls 40 Jun 0.97 0.72 0.48	125 1.75 1.26		Sterout Sterout 0 0.61

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CHICAGO **おおりますがおるままり** 94.52 94.43

SWISS FINANC (DAN) SFr 125,000 S per SFr

Estimated robuse 2404 (4965) Provious day's open left. 27369 (27386) EIRG SWISS FRANC SFR Las pateits of 180%

Estimated volumes 10 (2168) Previous day's open trs. 14087 (1,3808)

FT FOREIGN EXCHANGE BATES Sout. 1.7190 1-mth. 3-mth. 6-mth. 12-mth. 17100 1.6960 1.6776 1.6500 MIN-STEILING SI PO S 1 High 17068 16870 18670 Low Prov. 16982 17026 16760 16616 16600 1.6646

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Data source: Chief Executives in Europe 1990 ***********

FT SURVEYS

MONEY MARKET FUNDS

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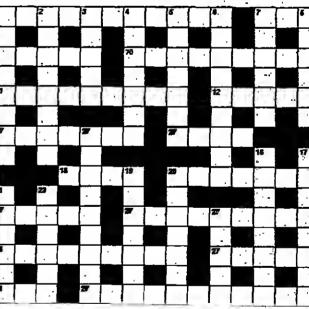
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JOTTER PAD

CROSSWORD

No.7,548 Set by HIGHLANDER



1 Family get-together for sporting fixture (4.7)
7 Fossil fuel fall-back (3)
9 Correct procedure is to bore

a hole (5)
10 Graduates need replacen

for sculpture (3-6)

11 Board fighting against oriental dishes perhaps (9)

12 Northern people and not south-eastern (5)

13 Weish resort, green and utterly enchanting initially (7)

(7)
15 Single combat: sounds like double (4) 18 Progress which is uneven not firm (4) Jazz enthusiast's shout of

derision (7) 23 Concerned with hearing spoken sound (5)

24 Bad-tempered with cash, according to verbal evi-

dence (9) 26 Pay attention: one ballot ten backing the masses (3.6) ··· 27 A long university farewell 28 First person for auditor to

look at carefully (3) Cook made stew, we inserted old fragrant plant (11) DOWN

1 Colour for stop-go songbird 2 Crumble that Crosby is cheating (8)
3 Highlander takes shelter

 $J_{ij} = J_{ij}$

from noisy brawl (6)

Sent aid for distribution in

lieu (7) 6 Judo enthusiast in town's undeveloped zone (5,4)
7 Gland swelling? Leave it to engineers (6) a Caim during periods of ten-

sion (6)
14 Restaurant where suspects are interrogated? (9)
16 Coma is broken a great deal
by medicinal plant (8)

17 Lead clubs possibly have recreational gear (8)
19 Bonehead - all-round (7) 20 Gaming house introduces

second card game (7)
Cattle food that's providing iron (6)

22 Give commendation to piano recruit (6) 25 Religious leaders beginning in mosques and Muslim schools (5) Solution to Puzzle No.7,547.

TARGET BIRATENT

I ARGET BIRATENT

ABRUPT BITALL THE

CONTRACT UNDENT

HE E R F Q A S

EAST OF TREER

A D F T S A S

LABOUR DEDPATER

A B F R C A S

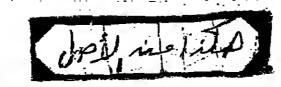
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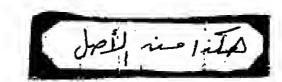
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COTTERM

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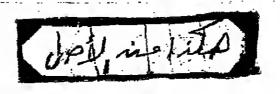
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INTERNATIONAL COMPANIES AND FINANCE

British Sugar helps ABF increase profit to £317m

By Clare Pearson in London

ASSOCIATED British Foods, the milling and baking group, beat analysts forecasts yester-day with the announcement of pre-tax profits up from £283.8m (\$487m) to £317.4m in the 12 months to the end of March.

The shares gained 10p to 5100 on the announcement by the group, which in January paid 2880m to fuffil a long-held ambition to buy British Sugar.
The stock markst was
pleased to see a solid first-time
contribution from the new sub-

contribution from the new sub-sidiary, as well as a strong rise in income from the company's substantial cash resources. The company said the contri-bution from British Sugar had exceeded financing costs, accounting for the hulk of

£33.2m. Group turnover was £3.13bn (£2.77bn). Earnings per share rose to 46.9p (41.9p). The company's year-end has been changed to September. At 8.5p (7.7p), the second interim dividend announced yesterday is in line with a forecast made

when British Sugar was acquired. That makes 12.2p (11p) for the 12 months. Net of interest payable, interest income rose to £128.5m (£124.5m). ABF said it had positioned itself favourably to take advantage of recent strength in

the money and gilt markets.

ABF had chosen to finance part of the consideration for British Sngar initially from horrowings, leaving more funds available to benefit from earnings from new subsidiaries rises in the fixed interest mar-which in all amounted to kets due to interest rate cuts. Within a trading surplus of £188.9m (£159.3m), the UK manufacturing division put in £110.1m. However, ABF said there would have been a £12.7m decrease in profits from these operations if the British Sngar contribution had not

Sngar contribution had not been included.

Mr Garry Weston, chairman, said the division, one of Britain's two largest bakers as well as the manufacturer of Ryvita and Burton's hiscuits and packer of Twinings tea, had been hit by increasing competitiveness in the UK marketplace. marketplace.

It was also affected by £12m

of closure costs, associated with the shutdown of three big bakeries and other redundancies, and rising wheat prices. Lex, Page 18

First reverse at JVC in four years

By Emiko Terazono in Tokyo

JVC, the Japanese consumer electronics company, yesterday reported a 27.1 per cent drop to Y25.8bn (\$189.20m) in consolidated pre-tax profits for the year to March 1991.

JVC (Victor Company of Japan), which posted its first pre-tax profit fall in four years, hlamed cuts in product prices due to intensified competition. increases in research and development and advertising expenses for the decline.

Overall sales increased 6.9 per cent to Y926.2bn thanks to per cent to Y926.2bn thanks to a 6 per cent rise in its video and related equipment interests. Television sales increased by 13 per cent and information related equipment rose by 20 per cent. After tax profits fell 13.1 per cent to Y16bn.

On a non-consolidated basis, JVC said that pre-tax profits fell hy 8.6 per cent to Y22.0bn as sales rose 3.3 per cent to Y638.7bn.

Export sales, which account for 55 per cent of total sales of the parent company, rose by 15 per cent to Y353.3bn. Video and related equipment rose 2 per cent and information related equipment increased 21 per cent, but sales in audio equip-ment fell 4 per cent.

For the year ending March 1992, the parent company pro-jects a 0.4 per cent drop in pretax profits to Y22bn on an 8 per cent rise in sales to Y690hn.

French glove-maker in Two buy 60% stake in Fundia breathing apparatus deal RAUTARUUKKI, the Finnish

state-owned steel company,

and Norsk Jern, a Norwegian steel holding company, have between them acquired a 60 French company which is European leader in the produc-tion of protective gloves, has bought Interspiro, a manufac-turer of breathing apparatus, from Sweden's Nobel group. No price was announced for the deal but Company per cent stake in Fundia, a Swedish steel reinforcing bars group, writes Enrique Tessieri in Helsinki. The purchase price is put at around SKr330m (\$53.4m). Rantaruukki and Norsk Jern hope the deal, but Comasec is underto purchase the remaining 40 per cent of Fundia which had.

sales of SKr2.5bn in 1990.

The acquisition will help to strengthen Rantaruukki's position in long steel products, including reinforcing bars and By George Graham in Paris COMASEC International, the European market, Interspiro. which specialises in fire-fight-ing and pollution control masks, had 12 per cent of the European market, to Coma-

sec's 6 per cent. In North America, Comasec said its share of the breathing apparatus market would rise to stood to have paid over FFr100m (\$17.21m) for Inter-spire, which had sales of SKr172m (\$28m) last year. The acquisition will propel 25 per cent with the addition of Interspiro's 7 per cent market share. Comasec, which is owned by the Berend family, had sales of FFr552m last year Comasec close to the two world leaders in breathing apparatus. and ranks second in the world in the manufacture of industripling its presence in the trial protective gloves

Bond Corp shareholders agree to debt swap

By Kevin Brown in Sydney

BOND Corporation share-holders yesterday approved a proposed deht-for-equity swap which will leave Mr Alan Bond, the former chairman, with less than 6 per cent of the

group's shares.
Mr Peter Lncas, who
replaced Mr Bond as chairman last year, said a scheme of arrangement providing for the arrangement providing for the swap was approved by holders of just over 75 per cent of the group's stock at a shareholders' meeting in Perth.

The vote follows approval from Swiss-franc bondholders and Thursday and

in Geneva on Thursday, and clears the way for a vote by other European bondholders within two weeks.

The scheme was also approved yesterday by Australian Consolidated Investments, formerly Bell Resources, which remains a substantial creditor.
However, a meeting of par-

tially-secured creditors, which must also approve the scheme, was adjourned after objections by American Express Bank. A further meeting will be held.

The scheme is dependent on

approval by the Western Australian Suprems Court, which will hear an application from Bond Corporation after all creditors and shareholders have voted. Mr Locas said Mr Bond

voted in favour of the reconstruction through Dallhoid, one of his privately-owned family companies, which owns 54 per cent of Bond Corpora-

Several obstacles in the way of the scheme have been overcome, including a decision by the liquidator of J.N. Taylor Holdings, a Bond Corp subsidiary, to withdraw a wind-ing-np action against the group's finance arm. However, Bond Corp lost a

£150m (US\$259.50m) damages claim on Friday against its for-mer partners in British Satel-lite Broadcasting Holdings, which has since merged with Mr Enpert Murdoch's Sky Television to form British Sky Broadcasting. Bond Corp directors say the

scheme of arrangement could return between 20 and 25 cents in the dollar to creditors.

West Germans go for eastern gold

Leslie Colitt examines the stampede to pick up cross-border assets

their order books, some trial companies are being snapped up hy western predators with near gold-rush

ferocity.

A case in point is the process plant sector where in recent months Asea Brown Boveri (ABB), the Swedish-Swiss electrical engineering group, has been an eager buyer of eastern German assets. Last March, ABB's German

subsidiary in Mannheim bought Bergmann-Borsig, the leading manufacturer of power station installations, from the Treuhand privatisation agency.
The dsal was completed despite cancellation of a large order for heat exchangers when the Soviet-designed nuclear plant at Stendal was scrapped for safety reasons.

Automatislerungsanlagen Cottbus, which ABB picked up a month earlier, is reeling from a drop in domestic orders for its process automation equipment. Mr. Joschim, Schulzen

ment. Mr Joachim Schulze, managing director of the Cotthus company, is convinced that its future would have been dire if ABB had not appeared on the scene.
"The Treuhand would not

have given us further financ-ing," he says as he shows visitors round the company's neardeserted production plants. The Cottbus group has been hit especially by the collapse of orders from former Comecon

In better financial shape is Energiehau Dresden, eastern Germany's leading producer of

ESPITE the thinness of their order books, some eastern German induscompanies are being ed up hy western predaded u ern German sequisitions are expected to remain in the red until 1993.

However, Mr Percy Barne-vik, head of ABB, has not made this decisive push into eastern Germany on the back of current new order-flows, although there are signs that the decline in order intake has begun to bottom out. He is preparing the company for an expected wave of public spending to improve infrastructure in the five new east German Länder, or states.

According to Mr Eberhard von Koerber, the chairman of ABB Germany, German electricity suppliers alone plan to spend close to DM40hn (\$23.30bn) on new power generation facilities in east Germany hy 1985. Mr von Koerber said ABB

and other companies investing in eastern Germany expected a "certain amount of preferential treatment" for local suppliers from public procurement bod-ABB has already obtained a

letter of intent to huild o new power station at Rostock for more than DM100m which is to be completed in 1995. The work is to be divided between ABB Bergmann-Borsig in east Ber-lin and ABB in Mannheim.

At the same time, ABB has won a DM20m contract to plan a flue-gas desulphurisation sys-tem for two 500-megawatt units of the Boxberg power station,

Percy Barnevik: preparing for public spending wave the largest lignite-fuelled electricity plant in Europe and an immense air polluter. Total work involves the retrofitting of the two units, installation of desulphurisation scruhhers

and new electrical filters.

ABB bopes to obtain a sizecontract despite flerce competition, notably from Siemens, which is also investing heavily in eastern Germany.

ABB expects to complete negotiations shortly with the Treuhand for the takeover of two transformer factories in Nauen and Halle. Mr Achim Lennertz, the

Treuhand negotiator with ABB, said the fact that negotia-tions were undertaken by ABB's German unit made for smoother handling from the start. Neither he nor ABB, however, would disclose how much ABB paid for the

eastern German acquisitions.

Mr Lennertz said that while the price paid was important, so was the amount of money a western bidder was prepared to invest in the companies as well as how many jobs would be

Mr Wolf Schöde, a Treuhand spokesman, said companies were often sold for a "negative price" in order to allow the investor group to create a tax-paying company. He com-plained that companies considering investments in eastern Germany were often overly cautious and reluctant to surmount hurdles or take risks.
"Next year, the telephones

will be working and other problems will have vanished, hut hy then the best companies will have been privatised," he

A BB plans to employ 10,000 people in eastern Germany by next year compared with 35,000 in western Germany - although personnel is being reduced in all its eastern companies. Berg mann-Borsig, Which had 3,500 employees at the end of March will release more than 1,000 next month. Retraining has been introduced and social plans implemented for those

Average wages are 60 per cent below those in western Germany, hut will reach west ern German levels hy April 1994 in agreement with the IG Metall union. Significantly, the 280 apprentices are being kept on although not all will qualify for jobs with the company.

British Steel chief executive quits

By Charles Leadbeater, Industrial Editor

BRITISH STEEL'S chlef executive, Mr Martin Llo-warch, last night unexpectedly announced his resignation. Mr Llowarch's departure will threaten the company's plans to organise an orderly succession to Sir Rohert Scholey, aged 70, the chairman, who completes his contract at the end of this year.

Although the succession had

not heen discussed on the board, it was widely assumed that Mr Llowarch, 55, was being groomed for the post. Mr Brian Moffat, 52, the finance director, will now take over as chief executive on July

Mr Llowarch's resignation comes as British Steel is responding to the most savage downturn in steel demand since the recession of 1980-81. The company denied that his departure reflected a rift between Mr Llowarch and Sir Robert over strategy.

The resignation will put Sir Robert under pressure to delay his departure. The company will almost certainly have to consider an outsider as chair-man. Plans for the succession will he the priority at the

next meeting of the board. Mr Llowarch told Sir Robert last week that he wanted to retire to pursue other interests. Although several directors con-tacted him to explore whether there was any grounds on which he might be persuaded to stay, Mr Llowarch remained

The past year has been particularly tough at British Steel as profits have fallen in the wake of the recession. Mr Llowarch has been responsible for the extensive cost cutting at the company which has led to thousands of joh losses.

Ares-Serono sales up bv 26% to \$176m

ARES-SERONO. Swiss-hased pharmaceutical company, increased first-quar-ter sales by 26 per cent to \$176.4m, writes William Dull-force in Geneva.

force in Geneva.

Excluding currency fluctuations, growth in turnover was 17 per cent,

Operating income grew by 18 per cent to \$32.8m, but net earnings rose only 3.3 per cent to \$13.5m, or \$24.76 a share.

The group, which reports in US dollars and pays its dividend in Swiss francs, is paying an unchanged dividend of an unchanged dividend of SFr25 per bearer shars and SFr10 per registered share on the 1990 account.

May 17, 1991



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BHF-Bank Deutsche Girozentrale Deutsche Kommunalbank -

DG Bank Deutsche Genossenschaftsbank

Merrill Lynch Bank AG

Norddeutsche Landesbank Girozentrale

Bank of Japan (Deutschland)

The Long-Term Credit

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The Nikko Securities Co., (Deutschland) GmbH

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Vereins- und Westbank

Sumitomo Bank

New Issue

This announcement appears as a matter of record only.

May 21, 1991



DM 2 500 000 000,-Floating Rate Notes of 1991/1993 VI

DM 2 500 000 000,-Floating Rate Notes of 1991/1996 VII

> **Bayerische Vereinsbank** Aktiengesellschaft

Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft

Commerzbank Aktiengesellschaft

Deutsche Bank Aktiengesellschaft

Dresdner Bank Aktiengesellschaft

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Bonds lift equities in light trading a year earlier, in spite of the nationwide slowdown in con-

Wall Street

AN EARLY rise in bond values helped boost sentiment in the stock market yesterday morning, but with investors still adopting a wait and see approach to equities, gains were relatively modest, writes Patrick Harverson in New York. By 1.30 pm the Dow Jones Industrial Average was up 7.38 at 2.894.01. The other indices were little changed at midsession, with the more broadly based Standard & Poor's 500 up inst 0.74 at 378.13 at 1 pm. and the Nasdaq composite of overthe counter stocks down 0.5 at

Turnover on the New York SE was very light at 62.5m shares by 1 pm. The fact that

bering advancing stocks by 724 to 643 testified to the generally weak tone of the market.

The opening advance came in the wake of higher bond prices, which reacted favoura-bly to reports of comments from Mr Alan Greanspan, chairman of the Federal Reserve, hinting at further interest rate cuts if the economy did not soon show signs of recovering from its recession. However, the lack of volume confirmed that investors were staying away from equities until they could see a signifcant improvement in the eco-

The big technology stocks, which were undermined by Compaq's profit warning last week, put in a mixed perfor-

fered from heavy selling after its forecast of weak profits. bounced back with a rise of \$% to \$36%. IBM, however, remained subdued, dropping \$% to \$103%, while Digital Equipment steadled at \$63 and Hewlett-Packard, which announced better-than-expec-

ted earnings on Wednesday, rose \$% to \$48%. Dow Chemical rose \$1% to \$53 after two securities houses, First Boston and Smith, Barney, upgraded their investment ratings on the stock, citing expected improvements in the company's earnings ability. K-Mart, the glant retailing group, jumped \$1% to \$41% after reporting a rise in first

quarter earnings to 53 cents a share, up from 50 cents a share

Ameritrust, the mid-west commercial banking group, climbed \$2% to \$19% after National City Corp, a rival regional bank confirmed that it had offered to negotiate a \$889m stock swap acquisition of Ameritrust. National City shares fell \$1 to \$35 on tha

somer spending.

LaserMaster Technologies tumbled \$1 to \$5 after a local Minneapolis newspaper high-lighted the printing product maker's large inventory levels and dwindling cash reserves. Toronto was shut yesterday for Victoria Day.

The weekly review of the world's stock markets will appear in tomorrow's paper.

Volume shrinks to four-month low

Tokyo

SHARE PRICES declined across the board as thin vol-ume accentuated the effect of selling by arbitrageurs and

investment trusts, writes Emiko Terazono in Tokyo. The Nikkel average lost 178.91 to 25,523.03, while turnover shrank from 260m shares to 170m, falling below 200m for the first time since January 14. The Nikkei set a day's high of 25,738,73 at the opening and a low of 25,330.70 in the

afternoon.
Falls outnumbered advances by 766 to 183, with 158 issues unchanged. The Topix index of all first section stocks shed 14.62 to 1,938.62, and in London trading the ISE/NIkkel 50 index

eased 4.67 to 1,437.97.

High-technology issues continued to weaken. Sony receded Y100 to Y5.890, moving below the Y6,000 support level, and TDK slipped Y90 to Y5,140. Canon ended Y40 down at Y1,490 on a lower than expected profits forecast for the cur-

rent year. Matsushita Refrigeration fell Y90 to Y1,070 on prospects of lower pre-tax profits, Matsush-ita Seiko lost Y41 to Y949 and Matsushtta-Kotobuki Electronics shed Y60 to Y2,000.

Speculative shares retreated on rumours of selling by speculative groups. Tobishima, the contractor, dropped Y120 to Y1,070. Tokai Kanko, the hotel chain, declined Y97 to Y601 and Nihon Hohyaku, an agrocbemical company, dipped Y150 to Y2,100.

Japan Steel Works, the most active issue of the day, weakened Y15 to Y765 after reaching a year's high of Y785 in
the morning. The issue
attracted early demand on
hopes that capital investment
the all reference mental holes. by the oil refiners would help 3,917.09, up 34.25 or 0.9 per the company's issued capital,

its engineering plant business. Yamaha retreated Y80 to Y1,670 after pre-tax profits for Y1,670 after pre-tax profits for the current year were revised to Y8bn from Y11bn previously. Bridgestone, the tyre maker, lost Y40 to Y1,030 on last week's news that it would inject more capital into Firestone, its US subsidiary.

Sumitomo Metal Mining improved Y10 to Y1,310 on rumours that it had discovered a sold denosit. Speculation

gold deposit. Speculation about an imminent warrant bond issue added to the stock's

popularity.
The food sector was one of the few bright spots of the day; investors considered some tissues to be cheap. Toyojozo, the alcoholic drinks company, put on Y3 to Y751, Nisshin Oil gained Y20 to Y1,050 and Asahi Breweries climbed Y20 to

in Osaka, the OSE average dipped 108.25 to 28,217.70 on low volume of 8.8m shares, down from 14.9m. Nintende the video game maker, fell Y600 to Y14,000 on small-lot selling. Investors were con-cerned about the stock's high

Tatsuta Electric Wire & Cable rose Y60 to Y1,210 on expectations of orders from electric power companies and Japan Railway. Reports that Tatsuta plans to advance into electronics with its copper bonding wires and paste for electromagnetic wave shielding also attracted small-lot buying.

Roundup

ACTIVE TRADING lifted Hong Kong nearer to its all-time high

33 points of its record high. Turnover was beavy at HK\$1.88bm, up from HK\$1.83bm.
Hopes that the new airport
would now go ahead fuelled
gains, with the property sector
in the lead. Cheung Kong
climbed 30 cents to HK\$19.20,
New World Development added 50 cents at HK\$11.20 and Hongkong Land, which topped the most active list, gained 40

cents to HK\$9.35. SINGAPORE rose after some encouraging economic figures, but ended below the day's high on profit-taking. The Straits Times Industrial index firmed 8.46 to 1.522.21 but volume fell to 32m shares from 42m. Relief that Singapore Air-

lines' results were no worse than expected helped its for-eign shares to rise 70 cents to \$\$19.60 and its local shares to gain 30 cents to S\$13.40. AUSTRALIA was steady The All Ordinaries index eased 0.1 to 1,531.6 m thin turnover of

A\$392m, down from A\$719m. Adsteam and two of its asso ciates were reinstated by the Australian Stock Exchange. The stocks had been suspended since May 2, when a corporate restructuring plan collapsed. Adsteam dropped 3 cents to 9 cents and David Jones fall 13 cents to 30 cents, but Tooth and Co rose 4 cents to 38 cents.
Rothmans, the tobacco company, appreciated 15 cents to
A\$12.90 after announcing its annual group operating profit. Coal and Allied, subject of a hostile takeover offer from CRA, shed 4 cents to A\$8.54. CRA said it held more than 30

per cent of the coal producer as ANZ, with interim profits due this week, fell 8 cents to A\$3.82. QTC rose a cent to A\$1.28 after 6.5m shares, slightly more than 1 per cent of

core shareholder.

MADRID recouped most of

Friday'e loss of 2.75 points. The

general index rose 2.39 to

286.07 in light turnover of

Pta12bn, down from Pta35bn. BBV added Pta75 to Pta3,415 on volume of 391,975 shares. The bank was reported to have agreed to sell Banco de Extre-

were crossed at A\$1.25 each. NEW ZRALAND advanced in quiet trading on hopes of further interest rate cuts. The Barclays index gained 15.54 or 1 per cent to 1,542.66 in turn-over of NZ\$12.8m, down from NZ\$13.9m. Fletcher Challenge

inched up a cent to NZS3.83.

TAIWAN was lifted by the financial sector on news that the finance ministry had com-pleted its sales of shares in three commercial banks. The weighted index rose 127.81 or 2.1 per cent to 6,110.07. Turn-

over was a moderate T\$59.3bm, up from T\$51.3bm. MANILA was boosted by strong first quarter results and ignored weekend bombings. Investors saw the bright side of the postponement of the public offering of Ayala Land, which had depressed the market on Friday, as the delay could improve liquidity. The composite index rallied 28.31 to 1,144.86 but turnover thinned

to 161m peacs from 189m. SEOUL came under pressure from tight liquidity and lingering political uncertainty. The composite index shed 7.67 to 628.71 on turnover of Won84.7bn, against Won82bn. The market was also concerned by news that custome deposits with securities houses had fallen to their lowest level since April 20, 1988. BOMBAY eased as India

went to the polls for the second time in 18 months. The BSE index receded 13.44 to 1,284.25.

SOUTH AFRICA

JOHANNESBURG was steady in featureless trading. The all-gold index closed np 3 at 1,137 as world prices stayed at \$354. The industrial index was down 3 at 3,503 and the overall index was also barely changed,

Revision of world indices reflects changes over the past four years

Adrian Dicks of FT Statistics explains the review of the Financial Times-Actuaries World Indices, and the changes that result

HE FT-Actuaries World Indices, which celebrated their fourth birthday last March, were set up a few months before the start of a period of turbulence in the world's financial mar-kets. The alm of the Financial Times and its partners in the venture - Goldman Sachs, County NatWest Wood Mack-enzie and the Institute and Faculty of Actuaries - was

• The World Indices were to provide a set of yardsticks for the world's principal stock

They were to offer an inde-pendent solution to investors wishing to peg the perfor-mance of their portfolios to the

mance of their portions to the changing relative values of groups of markets.

Since then, the World Indices have gained wide acceptance among investors and analysis of the financial markets. kets, and especially among portfolio managers running international index-tracking

With all these users in mind, the World Index Panel decided last year to carry out a detailed review of the FT-AWI rules as they affect each of the 24 markets currently included, and to reflect the changes of the past

advantage of the improvement in price data which has followed the introduction of continuous trading to new mar-kets, and of the greater volume of corporate financial disclo-

Within sach market, researchers have checked every company to make sure that the indices continue to fol-low their original guidelines— that constituent stocks should be readily tradeable and freely accessible to international investors, that the selection for each country should reflect the sectoral distribution of the local market, and that cover-age should be as broad and consistent as possible. Reviewing the rules has cre-ated soms difficult issues. Some countries, for example, have a distressing tendency to

put on weight without trying. There must be no bias in the

representation in the World matically, and plenty of shares available to investors indices of different countries' well-known names are to be was large enough to past the Indices of different countries' markets; all should be represented in the same proportion to the equity available. The Other countries were seriously underweight, in Malay-sia, changes to foreign invest-ment rules are making far panel's objective is to cover in

each country between 82 and 90 per cent of the "investible universe" - that is, the total more stock available to the external investment commuvalue of the stocks available to nity.

The extensive changes to the international investors in that Mexico list also reflect a Yet in Finland, coverage had new local environment; for-

eigners can now buy nearly all securities through the Namasa crept up to 98 per cent of the investible universe. The expla-

Not effect of changes to the FT-Actuaries World Indices											
	% of World	No. of Sacs.	Review % at World	No, of Secs.	Net Ct % of World	No. of Secs.					
Australia ·	1.4	74	1.4	72	-0.1	-2					
Austria	0.2	19	0.2	· 20	0.0	1					
Belgium	0.7	60	0.7	48	0.0	- 12					
Canada	21	117	2.1	115	- 0.1	~2					
Denmark	0.4	31	0.4	37	0.0	8					
Finland	0.0	21	0.0	16	0.0	-5					
France	3.1	112	3.1	115	0.0	3					
Germany	3.7	88	3.4	65	-0.3	-23					
Hong Kong	1.0	47	1.2.	55	0.2	8					
Ireland	0.1	17	0.1	18	0.0	1					
haly	1.4	91	1.5	-77	0.0	- 14					
Japan	32.6	452	33.2	474	0.6	22					
Malaysia	0.1	33	0.2	68	0.0	35					
Mexico	0.3	12	0.4	15	0.1	3					
Netherlands	1.6	40	1.5	31	-0.1	~9					
New Zealand	0.1	14	0.1	. 13	0.0	-1					
Norway	0.1	30	0.1	~ 32	.0.0	2					
Singepore	. 0.2	25	0.3	38	0.1	13					
South Africa	0.9	60	1.1	61	0.2	1					
Spain	1.1	41	1.2	55	0.2	14					
Sweden .	0.4	27	0.4	27	0.0	. 0					
Switzerland	1.4	65	1.4	57	0.0	-8					
United Kingdom	10.9	295	10.2	241	-0.7	54					
United States	36.2	524	36.0	526	-0.2	. 2					
World	100.0	2,295	100.0	2.276	3.9	-19					

nation was a simple one: the value of all the shares avail-able to non-Finnish investors is only 11 per cent of the total market – an extreme case, although neighbouring Sweden and Norway have kept foreign-ers down to 29 and 41 per cent

respectively.

The UK, at the other extreme, is the country with the least restrictions on portfohio investment by non-nationals, with 94.3 per cent of stocks available. Here, the World Indices were covering 90 per cent.

The remedy was clear, The indices had to shed weight draTrust depositary scheme. In many countries, the "screens" for size, free float

and marketability thinned ont the candidates for inclusion when applied to individual companies. Normally, stocks where less than 25 per cent is available to the investment marketplace would be excluded. Yet there were companies so large in the context of their local market that the rule seemed perverse; Hong Kong Telecom was one prominent example. The panel decided to include these stocks where the capitalisation of the Panel.

was large enough to past the minimum size test.
Large companies in severa European countries remain incligible because of huge, long-term holdings by governments or bodies under their ments or boutes under their control. Relatively small companies have been added to maintain a balance between sectors comparable to that of the local market. A Ker

In a few countries it was hard to reflect the changing industrial complexion. South Africa's economy may be far less dependent on gold than in the past, yet the structure of the Johannesburg stock mar-ket still looks much as it did 20

years ago.

A dozen smaller gold mines were deleted, yet the weighting of the Basic Industries economic sector has gone up to 69 per cent in the new index from 60 per cent in the old.

he panel's next task will be to review the classification system below economic sector level. The present system is included in the new World Indices rule book, yet there is clear demand among institutional investors

for a new structure which can be applied worldwide. Domicile is another problem. Transnational hybrids such as Eurotunnel can be "split" in proportion to the listing of their shares between France and the UK. But what to make of Jardine Matheson or Hong-kong Bank? And what of cases such as the Dutch or Scanding vian "internationals", consis-tently traded most heavily in markets outside their countries

of origin? Comment from users of the ndices is welcome.

Details of the constituent changes, which will come into effect with the calculation of the World Indices on Monday June 3, 1991, were published in yesterologic framental Theres.

terday's Financial Times. teritor's Francial Tranes.

The new FT AWI rule book is available from the Financial Times, One Southwark Bridge, London SE1 9HL, price ESO.

Astrian Dicks is Manager, FT Statistics, and the FT representative on the World Index

test - Community

Milan eases on renewed fears over Fiat

FIAT continued to weigh down Italy yesterday, while Spain moved higher in quiet trading, but most of the excitement was restricted to the emerging mar-kets. Most bourses were closed for Whit Monday, writes Our Markets Staff.

MILAN eased in choppy trading. There were renewed fears that Fiat would cut its 1990 dividend, which is due to be pub-lished today. The Comit Index

fell 1.57 to 573.35. Trading in Fiat began on a bullish note, with the stock gaining L40 to be set officially at L5,600. But the share then fell to L5,450 after bours. Montedison also featured before the release of its 1990 results and

dividend. The shares closed L5

	FT	-SE E	rotrac	k 100	- May	20	
	40 -	H	ourly c	hænge	• ‡		
1119.41	10 am 1120.45	11 am	1119.49	1 pm 1118.80	2 pm 1119.24	3 pm 1118.85	1120.04
		ay's Hig	h N/A	Day'	Low N	A	

lower at L1,425 and eased later to L1,403.

Base value 1000 (26/10/90)

May 14 1116.47 May 17 1118.61 May 13 1125.32

Generali rose L200 to L35,100 but gave up its gains after hours. The insurer has still not disclosed the reason behind its rights issue, and there was speculation that the move was aimed solely at strengthening Mediobanca's position as a

madura to Portuguese savings bank Caixa Geral de Depositos for about Pta10bn. Construction stocks firmed, with Cubiertas up Pta730 or 4.1 per cent at Ptal8.650.
ISTANBUL gained 5.1 per cent after the central bank said

that it would introduce price limits at tomorrow's six-month Treasury bill auction, to keep maximum rates to 66 per cent compared with 74 per cent at the previous auction.
The 75-share index rose

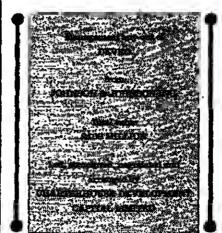
177.73 to 3,652.47 as turnover grew to TL215bn from TL32bn. ATHENS fell sharply, with the financial sector recording the biggest losses. The general index shed 37.34 or 3.6 per cent to 990.59.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	FRIDAY MAY 17 1991								THURSDAY MAY 16 1991						DOLLAR MIDEX		
	US Dollar ladex	Day's Change %	Pound Storting Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Groes Div. Yield	US Dollar Index	Pound Sterling Index	Yen	DM Index	Local Currency Index	1991 High	1981 Low	Year age (approx)	
Australia (72)	145.21	-0.9	125,42	127,08	131.06	123.38	-0.7	5.39	146,46	124.44	127.35	129.22	124.25	147.30	112.74	131.6	
Austris (19)	200.66	-1.5	173.32	175.62	181.11	177.98	-0.6	1,48	203.78	173.12	177.17	179.78	178.98	222,37	167.00	246.6	
3eigium (60)	138.47	-0.5	119.80	121.1e	124.97	119.86	+0.2	4.94	139.23	118.29	121.05	122.84	119.66	151.20	121.73	152.7	
anada (117)	136.79	-0.2	116.15	118.71	123.45	113.96	-0.1	3.51	137,11	118.49	119.21	120.96	114.08	141.10	126.49	136.0	
Denmark (31)	237.44	- 1.8	205.08	207.80	214.30	215.62	+0.3	1.57	241.84	205.47	210.28	213.37	212.98	270.58	217.74	254.0	
iniand (21)	113.42	-0.9	97.96	99.26	102.36	95.18	-0.9	2.55	114,47	97.26	99.54	101,00	96.07	125.15	90.51	141.5	
rance (111)	136.16	-1.8	117.63	116.16	122.90	125.40	+0.1	3.40	138.71	117.85	120.60	122.37	125.28	152,26	121.85	167.6	
Sermany (88)	108.65	-1.8	93.84	95.10	98.06	98.06	+0.6	2.27	110,63	93.99	96.20	97.60	97.60	125,35	102.48	133.6	
long Kong (47)	160.14	+0.6	138.32	140.15	144.54	160.11	+0.6	4.27	159.15	135.22	138.38	140.42	159.12	160.14	119.52	121.4	
reland (17)	152.94	-2.1	132.10	133.85	138.04	139,40	+0.0	4.03	156.20	132.71	135.82	137.81	139.39	182,45	132,88	183.8	
taly (91)	75.98	- 1.7	65.62	66.49	68.57	72.94	+0.2	3.25	77.28	65.64	67.17	68,15	72.79	88.23	72.05	108.1	
apan (452)	137.36	-0.4	118.64	120.21	123.99	120.21	+0.3	0.71	137.91	117.17	119.91	121.69	119.91	146,97	118.35	151.1	
Aalaysia (33)	228.71	+0.4	197.54	200.15	205.41	242.82	+0.6	3.12	227.82	193.56	198.07	200.99	241.37	247.78	192.83	225.2	
Aexico (12)	968,19	-0.9	836.25	847.33	873.83	3164.59	-1.0	0.40	976.69	829.82	849.21	881.70	3195.04	995.27	534,45	501.1	
letherland (40)	134.96	-3.5	116.57	118.11	121.81	120.49	-1.4	4.32	139.92	118.88	121.68	123,45	122.20	145.73	125.70	141.6	
lew Zealand (14)	52.60	+0.9	45.43	46.08	47.47	47.19	+0.9	7.45	52.14	44.30	45.34	46.00	46.78	54.84	41.18	63.9	
lorway (30)	200.81	-23	173.45	175.75	181.25	183.98	+0.0	1.64	205.53	174.63	178.71	181.34	183.88	223.24	182.24	242	
ingapore (25)	199.63	-0.3	172.43	174.71	180.17	162.88	+0.1	2.06	200.15	170.05	174.03	176.59	162.71	208.25	151.63	203.1	
South Africa (80)	211.43	-0.6	182.62	185.03	190.82	151.04	-0.1	3.74	212.78	180.78	185.00	187.72	151.25	212.78	173.00	190.7	
pain (41)	159.52	-2.8	137.76	139.81	143.97	129,43	- 1.0	4.37	164.26	139.55	142.82	144.92	130.78	171.12	131.51	163.	
weden (27)	177.31	-0.8	153.15	155.18	160.04	162.22	+0.9	2.70	178.45	151.62	155.16	157.45	180.75	204.12	146.60	202.6	
	92.05	- 1.7	79.51	80.57	83.09	83.72	+0.1	2.33	93.62	79.54	81.40	82.60	83.60	100.67	82.17	101.3	
witzerland (66)	169.12	-23	148.07	147.89	152.62	148.07	-0.7	4.92	173.16	147.12	150.54	152.78	147.12	187.44	158.27	154.8	
Inited Kingdom (294)							+0.1	3.25	150.68	128.02	131.02	132.95	150.68	158.24	125.95	143.2	
SA (523)	150.78	+0,1	130.23	131.96	136.09	150.78										_	
urope (936)	136.94	~21	118.28	119.84	123.60	120.94	-0.3	3.90	139.90	113,86	121.64	123.43	121.32	151,52	125.50	145.7	
ordic (109)	176,91	-1.4	152.80	154.83	159.67	154,38	+0.5	2.09	179.33	152.37	155.93	158.22	153.66	200,81	155.55	200.1	
acific Basin (643)	138.06	-0.4	119.24	120.83	124.61	121.23	+0.2	1.05	138.58	117.74	120.50	122.27	120.95	145,92	117.86	149.	
uro - Pacific (1579)	137.93	- 1.1	119.14	120.71	124.48	121.98	+ 0.0	2.22	139,47	118.49	121.25	123.04	121.97	147,68	121,29	148.4	
orth America (640),	149.83	+0.0	129.41	131.14	135,25	148.30	+0.1	3.26	149.76	127.24	130.23	132,15	148.22	157,04	125.91	142.7	
urope Ex. UK (642)	117.34	-20	101.35	102.71	105.92	106.20	+0.0	3.13	119.67	101.86	104.07	105.61	106.22	129.80	106,85	138.5	
acific Ex. Japan (191)	145.14	-0.2	125.38	127.04	131.01	129.06	-0.1	4.72	145.39	123,53	126.43	128.29	129,13	145,39	111.40	127.	
orld Ex. US (1768)	139.11	- 1.1	120.15	121.75	125.55	122.69	+0.0	2.28	140.60	119.48	122.26	124.05	122.70	148.16	122.32	148.6	
torld Ex. UK (1997)	139.35	-0.5	120,37	121.97	125.79	129,94	÷0.1	2.35	139,99	118.94	121.73	123.53	129.80	145.77	120.08	144.7	
orld Ex. So. Al. (2231)	141.57	-0.7	122.28	123.81	127.78	131.39	+0.0	2.62	142.51	121.08	123.92	125.74	131.36	148,66	122.92	145.3	
orld Ex. Japan (1839)	145.50	-0.A	125.93	127.61	131.61	137,51	-0.1	3.56	148.96	124.86	127.78	129.68	137.64	152.83	126.69	144.1	
															123.28	145.5	
he World Index (2291)	141.99	-0.7	122.64	124.27	128,16	131.53	+0.0	263	142.93	121.44	124.28	126,12	131.51	149.01	123.20	140.0	

Who cut the mustard in the £108 million Devro buy-out?



Devro is one of the world's biggest manufacturers of sausage casings.

And it has now become the biggest Scottish company ever to achieve a manage ment buy-out - 2s well as being one of the biggest buy-outs in the UK so far this year.

The transaction was led, structured, negotiated and arranged by Charterhous Development Capital.

As a result, the Devro management team are now free to shape their future in the global food industry: and Charterhouse has confirmed its position as one of the UK's leading development capital and buy-

Find out how we could help you. Call Gordon Bonnyman on 071-248 4000.



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